

SPECIAL ISSUE

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REPUBLIC OF KENYA

KENYA GAZETTE SUPPLEMENT

NATIONAL ASSEMBLY BILLS, 2026

NAIROBI, 2nd July, 2026

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NATIONAL ASSEMBLY BILLS 2022

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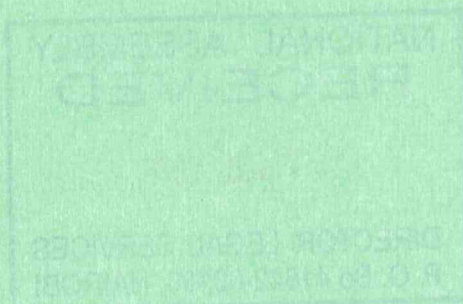
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THE KENYA ECONOMIC ZONES BILL, 2026

A Bill for

AN ACT of Parliament to provide for the establishment and declaration of special economic zones and export processing zones; to establish the Kenya Economic Zones Authority; to provide for the promotion and facilitation of global and local investors; the development and management of enabling environment for such investments, and for connected purposes

ENACTED by the Parliament of Kenya, as follows—

PART I—PRELIMINARY

1. This Act may be cited as the Kenya Economic Zones Act, 2026. Short title.
2. In this Act, unless the context otherwise requires— Interpretation.
 - “agricultural zone” means a special economic zone declared as such under section 24 to facilitate the agricultural sector, its services and associated activities;
 - “Authority” means the Kenya Economic Zones Authority established by section 4;
 - “Board” means the Board of the Authority established under section 8;
 - “business processing outsourcing” means the provision of outsourcing services to business for specific business functions or processes such as back office support services in human resources, finance, accounting and procurement amongst other services, and includes the delegation of one or more information technology-intensive business processes to an external provider;
 - “business service park” means a special economic zone declared as such under section 24 to facilitate the provision of services including but not limited to regional headquarters, business processing outsourcing centres, call centres, shared service centres, management consulting;
 - “business service permit” means an administrative grant of authority to operate services within a special economic zone for which no benefits accruing under this Act are granted;

“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for matters relating to Special Economic Zones and Export Processing Zones;

“commercial activity” means trading in, breaking bulk, grading, repacking or relabelling of goods and industrial raw materials;

“Commissioner” means the Commissioner-General appointed under Kenya Revenue Authority Act;

Cap.469.

“company” means a company within the meaning of the Companies Act or a company incorporated outside Kenya but registered in Kenya under the Companies Act;

Cap. 486.

“customs control” means the measures applied to ensure compliance with the laws and regulations which the customs officers are responsible for enforcing;

“customs-controlled area” means the special economic zone where certain enterprises carry out customs controlled operations;

“customs officer” means any person employed in the service of the customs;

“customs territory” means the territory in which the customs laws of Kenya apply in full, but does not include an export processing zone;

“domestic Kenyan business” means any individual, partnership, corporation or other entity conducting a trade or business within Kenya, which is not an export processing zone enterprise;

“duty” means defined under the East African Community Customs Management Act, 2004 which includes any cess, levy, imposition, tax, or surtax, imposed by any Act

“export” means to take or cause to be taken out of the customs territory or into a special economic zone;

“export duties” means customs duties and other charges having an effect equivalent to customs duties payable on the exportation of goods;

“export processing zone” means a designated part of Kenya where any goods introduced are generally regarded, in so far as import duties and taxes are concerned, as being

outside the customs territory but are duly restricted by controlled access and wherein the benefits provided under this Act apply;

“export processing zone developer” means a corporate body established to develop and administer an export processing zone under this Act;

“export processing zone enterprise” means a corporate body, including a developer or an export processing zone operator which has been granted a licence under this Act;

“export processing zone export” means any product sold by an export processing zone enterprise in an export processing zone for exportation direct or through the customs territory;

“export processing zone import” means any input or service to be supplied to an export processing zone enterprise within an export processing zone, whether from outside or inside the customs territory;

“export processing zone operator” means a corporate body engaged in the management of an export processing zone designated under this Act;

“Freeport zone” means a designated area placed at the disposal of the special economic zone or freeport authority where goods introduced into the designated area are generally regarded, in so far as import duties are concerned, as being outside the customs territory;

“free trade zone” means a special economic zone customs-controlled area where goods are off-loaded for transshipment, storage and may include bulk breaking, repacking, sorting, mixing, trading or other forms of handling excluding manufacturing and processing;

“goods” include all kinds of wares, articles, merchandise, animals, matter, baggage, stores, materials, currency and includes postal items other than personal correspondence and where any such goods are sold under this Act, the proceeds of such sale;

“import” means to bring or cause to be brought into the customs territory or a special economic zone;

“import duties” means any customs duties and other charges of equivalent effect levied on imported goods;

“industrial park” means a means a special economic zone declared as an industrial park under section 24 and comprising integrated infrastructure intended to support manufacturing, agro-processing, upstream petroleum operations, midstream petroleum operations, mineral and natural resource-based industrial activities, and advanced technology-driven production activities or such other sectors as may be prescribed by the Authority and approved by the Cabinet Secretary;

“industrial raw materials” means items used as ingredients in the manufacture of goods;

“information communication technology park” means a special economic zone declared as such under section 24 to facilitate the information communication technology sector, its services and associated activities;

“infrastructure” means roads, power, water, drainage, telecommunication, sanitation or water treatment plants, networks, buildings or other facilities, necessary for the development and operations of special economic zones and appropriate to their sector or cluster focus;

“Kenya Revenue Authority” means the Authority established by section 3 of the Kenya Revenue Authority Act; Cap. 469.

“licence” means a licence issued under this Act;

“livestock zone” means a special economic zone declared as such under section 24, in which livestock marshalling and inspection; livestock feeding or fattening, abattoir and refrigeration; deboning; value addition; manufacture of veterinary products, and other related activities;

“manufacture” includes—

- (a) the conversion of organic or inorganic material by manual, mechanical, chemical or biochemical means into a new product by changing the size, shape, composition, nature or quality of such material; and
- (b) assembly of parts into a piece of machinery or other products, but excludes—

- (i) the installation of machinery or equipment for the purpose of construction; or
- (ii) any process that is composed primarily of agricultural, pastoral, horticultural or silvicultural activities;

“midstream petroleum operations” has the meaning assigned to it under the Petroleum Act;

Cap. 308.

“negative list” means a list of activities not allowed to be undertaken by special economic zone enterprises and export processing zone enterprise under the laws of Kenya and those of the East African Community;

“proper officer” means any officer whose right or duty is to perform or require the performance of the acts referred to in the East African Community Customs Management Act, 2004;

“register” means the register of licences kept pursuant to section 48;

“science and technology park” means a special economic zone declared as such under section 24 to facilitate the science and technology sector, its services and its associated activities;

“services” means tradable services which are covered under the General Agreement on Trade in Services annexed as 1B to the Agreement establishing the World Trade Organisation concluded at Marrakesh on the 15th day of April, 1994 and any successor agreements or amendments thereto;

“service activity” means an export-related service provided by an export processing zone enterprise, including consultancy, information, brokerage and repair services, but excluding financial services and commercial activity.

“special economic zone” means a zone declared as such under section 24;

“special economic zone enterprise” means a corporate body which has been licensed under this Act;

“special economic zone developer” means a corporate body which is engaged in or plans on developing, and which may or may not also operate or plan to operate, a special economic zone under this Act; and

“upstream petroleum operations” has the meaning assigned to it under the Petroleum Act.

Cap. 308.

3. The object of this Act is to—

Object of the Act.

(a) create an enabling environment for the development of all aspects of special economic zones and export processing zones including—

(i) development of integrated infrastructure facilities;

(ii) creation of incentives for economic and business activities in areas designated as special economic zones;

(iii) removal of impediments to economic or business activities that generate profit for enterprises in areas designated as special economic zones; and

(b) the regulation and administration of activities within the special economic zones and export processing zones with due regard to the principles of openness, competitiveness and transparency.

PART II—ESTABLISHMENT OF THE KENYA ECONOMIC ZONES AUTHORITY

4. (1) There is established an Authority to be known as the Kenya Economic Zones Authority.

Establishment of the Authority.

(2) The Authority shall be a body corporate with perpetual succession and shall in its corporate name, be capable of—

(a) suing and being sued;

(b) taking, purchasing or otherwise acquiring, holding, charging, leasing or disposing of moveable or immovable property;

(c) borrowing and lending money borrowing money;

(d) entering into contracts; and

(e) doing or performing all such other acts necessary for the proper performance of its functions under this Act.

5. (1) The functions of the Authority shall be to oversee, co-ordinate the provisions of this Act.

Functions of the Authority.

(2) Without prejudice to the generality of subsection (1), the Authority shall—

- (a) identify and map areas to be designated as special economic zones or export processing zones and, where necessary, acquire and, or avail land to developers and operators;
- (b) make recommendations to the Cabinet Secretary on all aspects of designation, approval, establishment, development, operation, revocation of designation of special economic zone or export processing zones and regulation of economic zones;
- (c) implement the policies and programs with regard to special economic zones or export processing zones;
- (d) undertake, plan, and secure approval for the development of the basic infrastructure for special economic zones or export processing zones developed by the Authority;
- (e) review and approve the development of infrastructure and operations within the special economic zones or export processing zones;
- (f) determine investment criteria including investment threshold, investment activities and the minimum investment value for special economic zones or export processing zones;
- (g) review and process applications for licences and business service permits by the zone developers, operators, enterprises and business for special economic zones or export processing zones;
- (h) coordinate in depth market research and analysing industry trends to address evolving needs of investors and inform the development and strategic direction of the Special Economic Zone Program or Export Processing Zone Program;
- (i) promote and market activities related to special economic zones program or export processing zones program;

- (j) establish and administer a centralized system through which the zone enterprises, developers and operators can channel all their applications for permits and facilities not handled directly by the Authority;
- (k) collect, maintain and update data on the performance of the special economic zone program or export processing program;
- (l) monitor and enforce compliance with all relevant laws, procedures and other requirements for preventing the unauthorized use of designated special economic zones or export processing zones and enterprises;
- (m) undertake resource mobilization to support long-term sustainable special economic zone program or export processing program;
- (n) establish and enhance inter-agency collaboration among relevant State agencies to ensure compliance with all applicable laws, procedures and other applicable requirements.
- (o) recommend to the Cabinet Secretary the removal of impediments, provision of incentives, exemptions, including a negative list of activities that are prohibited in the special economic zones or export processing zones and restricted activities under the regulations made thereunder;
- (p) to suspend or cancel the licence of a special economic zone developer, operator or enterprise which is in violation of this Act, the East African Community Customs Management Act, 2004 or any other applicable law;
- (q) designate and approve social amenities within relevant special economic zones and maintain a register of residents domiciled in the special economic zones;
- (r) issue certificates of origin to the enterprise for the purposes of a generalized system of preferences and other trade preferences given

under bilateral or multilateral trade agreements; and

- (s) perform such other duties and functions consistent with the provisions of this Act.

6. (1) The Authority shall have all the powers necessary for the proper performance of its functions under this Act and, in particular but without prejudice to the generality of the foregoing, the Authority shall have power to —

Powers of the Authority.

- (a) manage, control and administer its assets in such manner and for such purposes as best promotes the purposes for which the Authority is established;
- (b) receive any gifts, grants or donations or endowments made to the Authority or any other monies in respect of the Authority and make disbursements therefrom in accordance with the provisions of the law;
- (c) establish such regional offices as may be necessary for performance of its functions under this Act.
- (d) offer on-site inspection to special economic zone and export processing zone for imports into, and exports out of, the zone; and
- (e) exercise such other powers as may be necessary for performance of its functions under this Act.

7. The Authority shall be administered by a Board which shall consist of—

Board of the Authority.

- (a) a chairperson appointed by the President;
- (b) the Principal Secretary to the National Treasury or their representative designated in writing;
- (c) the Principal Secretary in the Ministry for the time being responsible for matters relating to special economic zones and export processing zones or their representative designated in writing;
- (d) the Commissioner General of the Kenya Revenue Authority or their representative designated appointed in writing;
- (e) the Principal Secretary in the Ministry for the time

being responsible for matters relating to Land or their representative designated in writing;

(f) four persons appointed by the Cabinet Secretary from the private sector, who have experience and expertise in —

(i) manufacturing;

(ii) information communication and technology;

(iii) trade;

(iv) law;

(v) finance;

(vi) agriculture and agro-processing; or

(vii) in any other field relevant to special economic zones and export processing zones; and

(g) the Chief Executive Officer who shall be an *ex-officio* member of the Authority and who shall have no right to vote at any meeting of the Authority.

8. (1) A person is eligible for appointment as a chairperson or member of the Board, if the person—

Qualifications of chairperson and members of the Authority.

(a) is a Kenyan citizen;

(b) holds a degree from a university recognized in Kenya;

(c) has at least ten years' relevant field; and

(d) meets the requirements of Chapter Six of the Constitution.

(2) A person shall not be appointed as a Chairperson or member of the Board, if the person—

(a) is an undischarged bankrupt;

(b) has been convicted of a criminal offence and sentenced to imprisonment for a term exceeding six months without the option of a fine;

(c) is a member of Parliament or county assembly; or

(d) at the time of appointment holds a political office; or has previously been removed from a public

office on account of misconduct or any other lawful reasons.

9. (1) The Chairperson and members of the Board appointed shall serve for a term of three years and may be eligible for re-appointment for one further term. Term of office.

(2) The persons appointed under section 8 (1) shall be appointed at different times so that their respective expiry of terms of office shall fall at different times but not more than six months shall lapse between one appointment and another.

10. The Board shall have the power to—

Powers of the Board.

- (a) acquire, manage, control, administer or dispose of the assets of the Authority in a manner and for purposes that shall promote the interests of the Authority;
- (b) establish a subsidiary company, a joint venture or any other special purpose vehicle for purposes of discharging the mandate of the Authority;
- (c) allocate resources for capital and recurrent expenditure and for reserves of the Authority
- (d) impose fees and charges for services rendered or facilities provided in a special economic zone or export processing zones for permitted activities under this Act;
- (e) exercise the takeover and disposal of movable and immovable property abandoned in special economic zones or export processing zones in consultation with relevant agencies
- (f) open such bank accounts for the funds of the Authority as may be necessary;
- (g) invest any of the funds of the Authority not immediately required for the Authority's purposes;
- (h) oversee and evaluate the Authority's performance; and
- (i) exercise such other powers consistent with the provisions of this Act.

11. The office of Chairperson or member of the Board shall become vacant if the Chairperson or member—

Vacancy of office.

- (a) resigns in writing, addressed, in the case of the Chairperson to the President and in the case of any other member to the Cabinet Secretary;
- (b) dies;
- (c) is incapacitated by mental or physical illness or is otherwise unable or unfit to discharge the functions of a member of the Board;
- (d) without reasonable cause is absent for three consecutive meetings of the Board;
- (e) adjudged bankrupt or enters into a composition scheme or arrangements with his creditors
- (f) is sentenced by a court to imprisonment for a term of six months or more; or
- (g) is convicted of an offence involving dishonesty or fraud.

12. The members of the Board such remuneration or allowances as the Cabinet Secretary in consultation with the Salaries and Remuneration Commission shall determine.

Remuneration of Members of the Board.

13. The Board may establish such committees as it may consider necessary for the better performance of its functions and the exercise of its powers under this Act.

Committees of the Board.

14. (1) The Board may co-opt not more than two members into the membership of the committee established under section 14, in order to benefit from any special skills as may be necessary for the better carrying out of the functions of the Board.

Board may co-opt members.

(2) A member co-opted under subsection (1) shall—

- (a) have no right to vote on any matter before the Board; and
- (b) serve for such period as the Board may determine.

15. (1) The Board may by resolution delegate, to any committee of the Board or to any member, officer, employee or agent of the Authority, the exercise of any of its powers or the performance of any of its functions under this Act or under any other written law.

Delegation by the Board.

(2) Except where the Board has by resolution authorized a committee to manage, regulate or conclude any matter, no act of a committee shall be binding on the Authority until it has been approved by the Board.

(3) Every such committee, officer, employee or agent under subsection (1) shall be appointed in writing, setting out the duration of the appointment, the duties, reporting requirements, functions, authority and powers so conferred.

(4) The Board may at any time revoke a delegation under this section.

(5) A delegation conferred under this section shall not prevent the Board from performing the delegated power or function.

16. (1) The conduct of affairs and business of the Board shall be in accordance with the Schedule.

Conduct of affairs and business of the Board.

(2) Despite subsection (1), the Board may regulate its own procedure.

17. (1) There shall be a Chief Executive Officer of the Authority who shall be competitively recruited and appointed by the Board.

Chief Executive Officer.

(2) The Chief Executive Officer shall hold office on such terms and conditions of service as the Authority shall determine.

(3) The Chief Executive Officer shall be responsible for the day to day management of the affairs of the Authority, subject to the direction of the Board.

18. (1) A person is qualified to be appointed as a Chief Executive Officer of the Authority if the person—

Qualifications of Chief Executive Officer.

- (a) holds a degree in education, law, information technology, social sciences or a related field from a university recognized in Kenya;
- (b) has at least fifteen years; relevant professional experience, five of which shall be at management level; and
- (c) meets the requirements of Chapter Six of the Constitution.

(2) The Chief Executive Officer shall be appointed to hold office for a term of five years and shall be eligible for re-appointment for one further term upon satisfactory performance.

19. (1) The Authority shall, through a competitive and transparent process, employ such officers and staff as are necessary for the proper and efficient discharge of the functions of the Authority under this Act.

Staff of the
Authority.

(2) The officers and staff appointed under subsection (1) shall serve on such terms and conditions as the Board may determine in consultation with the Salaries and Remuneration Commission.

(3) Subject to this Act, every staff appointed under subsection (1) shall exercise such powers, functions and perform the duties assigned from time to time by the Chief Executive Officer.

(4) A public officer seconded to the Authority shall, during the period of secondment, be deemed to be an officer of the Authority and shall be subject only to the direction and control of the Authority

20. (1) The Board members and staff of the Authority shall not be personally liable for an act which is done or purported to be done in good faith by such person, on the direction of the Authority or in the performance or intended performance of any duty or in the exercise of any power under this Act or the regulations made thereunder.

Protection from
personal liability.

(2) The provisions of subsection (1) shall not relieve the Authority of the liability to pay compensation or damages to any person for any injury caused by the exercise of any of the powers or functions conferred by this Act or any other written law.

(3) Any expenses incurred by a person referred to in subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done or purported to be done by him under this Act on the direction of the Board shall, if the court holds that the act was done in good faith be paid out of the Fund, unless the expenses are recovered by him in that suit or prosecution.

21. (1) A member of the Board or any person in a meeting of the Board or Committee of the Board who has a direct or indirect personal interest in a matter being considered or to be considered by the Board shall, as soon as reasonably practicable after the relevant facts concerning the matter have come to his knowledge, disclose the nature of the interest to the Board.

Disclosure of
interest.

(2) A disclosure of interest made under subsection (1) shall be recorded in the minutes of the meeting of the Board, and if either the director or majority of the directors of the Board believe that the interest of that director or person in the matter may influence their judgement, that director or person shall not participate in the consideration or discussion of or vote during any deliberations on the matter by the Board.

22. (1) The common seal of the Authority shall be kept in the custody of the Corporation Secretary and shall not be affixed to any instrument or document except as authorised by the Authority.

Common seal of
the Authority.

(2) All documents other than those required by law to be under seal, made by, and all decisions of the Authority may be given under the hand of the Chairperson and the Chief Executive Officer.

(3) The Board shall in the absence of the Chairperson or the Chief Executive Officer in any particular matter, nominate one member of the Board to authenticate the seal of the Authority, on behalf of either the Chairperson or the Chief Executive Officer.

(4) The common seal of the Authority, when affixed to a document and duly authenticated, shall be judicially and officially noticed and unless the contrary is proven, any necessary order or authorization by the Board under this section shall be presumed to have been duly given.

23. (1) There shall be a Corporation Secretary who shall be competitively recruited and appointed by the Board on such terms as the Board may, on the advice of the Salaries and Remuneration Commission, determine.

Corporation
Secretary.

(2) A person qualifies for appointment as the Corporation Secretary if that person—

- (a) holds a degree in law from a university recognized in Kenya;
- (b) is an Advocate of the High Court of Kenya of not less than ten years standing;
- (c) is a member in good standing of the Institute of Certified Public Secretaries of Kenya; and
- (d) meets the requirements of Chapter Six of the Constitution.

(3) The Corporation Secretary shall be the Secretary to the Board and shall—

- (a) in consultation with the Chairperson of the Board issue notices for meetings of the Board;
- (b) keep in custody the records of the deliberations, decisions and resolutions of the Board;
- (c) transmit decisions and resolutions of the Board to the Chief Executive Officer for execution, implementation and other relevant action;
- (d) provide guidance to the Board on their duties and responsibilities on matters relating to governance; and
- (e) perform such other duties as the Board may direct.

PART III—SPECIAL ECONOMIC ZONES

24. (1) The Cabinet Secretary shall on the recommendation of the Authority and with the approval of the Cabinet Secretary for the time being responsible for the National Treasury, declare by notice in the *Gazette*, any area as a Special Economic Zone.

Declaration of special economic zones.

(2) A declaration of a special economic zone under subsection (1) shall —

- (a) define the limits of the zone including physical location and acreage; and
- (b) remain in force until revoked by an order in the *Gazette* by the Cabinet Secretary and on the recommendation of the Authority.

(3) Where upon receipt of a recommendation under subsection (1), the Cabinet Secretary considers that

gazettement of a special economic zone would infringe upon the public interest, the Cabinet Secretary may refer the recommendation back to the Authority to ensure the protection of that public interest.

(4) A special economic zone shall be a designated geographical area which may include both customs controlled area and non-customs controlled area where business enabling policies, integrated land uses and sector-appropriate on-site and off-site infrastructure and utilities shall be provided, or which has the potential to be developed, whether on a public, private or public-private partnership basis, where development of zone infrastructure and goods introduced in customs-controlled area are exempted from customs duties in accordance with customs laws.

(5) Any public land declared as a special economic zone shall not be alienated for private use except to special economic zone developers, operators or enterprises or other bodies established within a special economic zone.

(6) An area declared as a special economic zone under this section may be designated as a single sector or multiple sector special economic zone, and may include, but not limited to —

- (a) free trade zones;
- (b) industrial parks;
- (c) free ports;
- (d) information communication technology parks;
- (e) science and technology parks;
- (f) agricultural zones;
- (g) tourist and recreational zones;
- (h) business service parks;
- (i) livestock zones;
- (j) oil and gas zones; or
- (k) any other zone that may be declared by the Cabinet Secretary, on the recommendation of the Authority, by a notice published in the *Gazette*.

(7) Without prejudice to the generality of subsection (1), the Cabinet Secretary may declare a business process outsourcing or services-focused special economic zone where—

- (a) the zone consists of a designated land area, building or part thereof; and
- (b) the special economic zone enterprise is licensed, provided that the enterprise—
 - (i) employs at least two hundred full time persons;
 - (ii) is fully export oriented; and
 - (iii) meets such other criteria as the Authority may prescribe.

25. The Authority shall, in designating and determining the special economic zone project proposals that qualify for licensing, as may be appropriate, take into account —

Criteria for designating of special economic zones.

- (a) the nature of the proposed project;
- (b) the intended size and perimeter of the proposed special economic zone;
- (c) availability of land and unencumbered land titles;
- (d) geographical location and topography;
- (e) proximity to resources, population centres and infrastructure;
- (f) infrastructure and other utility requirements from national and county governments including water, power, sewage, telecommunication, solid waste and waste water management;
- (g) provision of medical, recreational, security fire safety, customs, and administrative facilities;
- (h) impact on off-site infrastructure, utilities and services;
- (i) approvals of land uses and zoning requirements to facilitate the special economic zones;
- (j) environmental assessments, standards, safeguards and associated requirements; and

- (k) any other criteria as may be prescribed in the regulations.

PART IV—EXPORT PROCESSING ZONES

26. (1) The Cabinet Secretary shall, on the recommendation of the Authority and with the approval of the Cabinet Secretary for the time being responsible for the National Treasury, with the object of attracting, promoting or increasing the manufacture of goods or provision of services for export, by notice in the *Gazette*, declare any area, land or building or part thereof in Kenya to be an export processing zone.

Declaration of an export processing zone.

(2) An export processing zone declared under subsection (1) may consist of—

- (a) a developed area of land which may comprise a single factory unit or multiple factory units;
- (b) a partly developed area of land which may comprise a single factory unit or multiple factory units;
- (c) a building or part thereof;
- (d) an area in special economic zone;
- (e) an undeveloped area of land; or
- (f) land for pre-manufacturing agricultural activities as defined in this Act provided that the activities preceding manufacturing are undertaken on the said land;
- (g) Provided that the pre-manufacturing and manufacturing are undertaken on the same parcel of land.

(3) A person who intends to develop an export processing zone shall apply to the Cabinet Secretary for a declaration made under subsection (1).

(4) The Authority shall examine the application and where satisfied shall issue a conditional approval to the applicant which shall contain the terms and conditions to be fulfilled by the applicant for issuance of a developer license.

(5) The Authority shall forward the conditional approval together with the documents submitted under subsection (3) to the Cabinet Secretary within seven days from the date the decision was made.

(6) Every declaration of an export processing zone under subsection (1) shall be done within thirty days of the receipt of the recommendation from the Authority.

(7) Every declaration of an export processing zone under subsection (1) shall define the limits of the zone and shall remain so declared unless revoked by the Cabinet Secretary by notice in the *Gazette*.

27. (1) For purposes of this Act, the export processing zones may be categorised into —

Categories of
export processing
zones.

(a) public export processing zones which include—

(i) export processing zones established and owned by the Authority on behalf of the Government including export processing zones owned by the Authority and developed through public private partnerships; or

(ii) export processing zones owned by other government agencies.

(b) private export processing zones owned and established individually or jointly by local or foreign investors.

28. The Cabinet Secretary may, on the recommendation of the Authority, revoke the declaration of an export processing zone where—

Revocation of a
declaration of an
export processing
zone.

the export processing zone remains undeveloped two years from the date of declaration without reasonable cause stated in writing by the export processing zone developer;

the export processing zone developer or operator or enterprise carries out activities not permitted under this Act or any other written law within the zone; or

the export processing zone developer requests for revocation.

29. (1) The activities eligible to be carried out within an export processing zone shall be manufacturing activities, commercial activities or service activities.

Activities
permitted within
an export
processing zone.

Provided that—

- (i) where manufacturing and commercial activities involving goods manufactured outside Kenya are carried on by an export processing zone enterprise, the two activities shall be physically separated; and
- (ii) where commercial activities involve goods manufactured outside Kenya, such goods shall be clearly labelled as products of the country where such goods were manufactured.

30. (1) A person shall be prohibited from—

Prohibited activities within an export processing zone.

- (a) engaging in retail trade of goods produced in an export processing zone or goods imported into an export processing zone;
- (b) carrying out business involving the importation or handling of used items within an export processing zone, unless as a raw material for a manufacturing enterprise;
- (c) undertaking commercial activities and manufacturing activities carried out by the same export processing zone enterprise within an export processing zone;
- (d) performing activities that may pose a threat to health, safety, environment, national security, consumer rights or financial stability in an export processing zone;
- (e) residing within an export processing zone without the prior written approval of the Authority;
- (f) operating a manufacturing establishment that is detrimental by way of nuisance or hazard;
- (g) carrying out business in relation to military equipment, firearms, ammunitions and other military equipment or machinery, explosives or nuclear power;
- (h) destroying raw materials, semi-finished or finished products within an export processing zone unless

in the presence of an authorized customs officer;
or

- (i) consuming goods produced in an export processing zone or imported into an export processing zone.

(2) A person under this section shall include an export processing zone developer or operator and export processing zone enterprises.

PART V – OPERATIONS WITHIN SPECIAL ECONOMIC ZONES AND EXPORT PROCESSING ZONES

31. Unless otherwise provided under this Act, or any other written law—

Goods and services considered as exported.

- (a) goods which are taken out from any part of the customs territory and brought into an export processing zones and the custom controlled area of a special economic zone shall be deemed to have been exported from Kenya;
- (b) services provided from any part of the customs territory and brought into an export processing zones and the custom controlled area of a special economic zone shall be deemed to have been exported from Kenya;

32. Unless otherwise provided under this Act, or any other written law—

Goods and services considered as imported.

- (a) goods which are brought out of an export processing zones or the custom controlled area of a special economic zone and taken into any part of the customs territory for use therein to any part of the customs territory shall be deemed to be imported into the custom territory.
- (b) Provided that —
- (c) goods, the contents of which, originates from the customs territory shall be exempt from payment of import duties;
- (d) goods the contents of which, content partially originates from the customs territory shall pay

import duties on the non-originating component subject to the customs procedures.

- (e) services which are provided out of an export processing zones or the custom controlled area of a special economic zone to any part of the customs territory shall be deemed to be imported into the custom territory

33. Subject to section 32—

Goods and services within a special economic zone and export processing zone.

- (a) goods and services within an export processing zones or the custom controlled area of a special economic zone shall not be taken out of the zone except—

- (i) for export;
- (ii) for export into the custom territory, subject to the regulations and procedures on customs;
- (iii) for imports into the customs territory, subject to the regulations and procedures on customs;
- (iv) for transfer to any other customs controlled area with the approval of the proper officers and the Authority, and subject to any conditions as may be imposed; or
- (v) for repair and maintenance or processing or conversion with prior approval of the Authority and proper officers and subject to any conditions as may be imposed;

- (b) where goods are manufactured outside Kenya, such goods shall be clearly labelled as products of the country where such goods were manufactured;

- (c) services provided by a special economic zone and export processing zone enterprises may be provided to other special economic zone and export processing zone enterprises subject to approval of the Authority.

34. (1) Subject to this Act as well as applicable customs laws of the East African Community, goods within an export processing zones or the custom controlled area of a special economic zone may be—

Removal of goods from a special economic zone and an export processing zone.

- (a) stored, sold, exhibited, broken up, repackaged, assembled, distributed, sorted, graded, cleaned, mixed, or otherwise manipulated or manufactured in accordance with the provisions of this Act; or
- (b) destroyed under the supervision of the proper officer; or
- (c) removed, under the supervision of the proper officer from the export processing zones or the custom controlled area of a special economic zone for export or sent into another export processing zones or the custom controlled area of a special economic zone or bonded factory, either in its original package or otherwise.

(2) Subject to this Act and the customs laws of the East African Community, eligible goods of any description which would be used in the activities of a licensed special economic zone and export processing zone enterprise may be brought into a special economic zone or export processing zone.

(3) Goods of any description sold to any person that remains within an export processing zone or a customs-controlled area of a special economic zone are not deemed to have entered the customs territory and are entitled to the benefits conferred under this Act.

35. (1) The Authority shall require a zone developer to provide and maintain in a special economic zone and an export processing zone such facilities as are necessary for the proper and efficient functioning of the zone.

Facilities within a special economic zone and an export processing zone.

(2) The facilities under subsection (1) shall include—

- (a) enclosures to separate an export processing zone from the customs territory;
- (b) office accommodation for customs officers;
- (c) power supply;
- (d) water supply;
- (e) road reserves;
- (f) just weights, scales, measures and other facilities for examining and taking account of goods and for securing them;

- (g) area for custom check points at the gates and facilities for customs officers and examination stations (holding area);
- (h) security;
- (i) working areas for industrial labour;
- (j) waste handling facilities; and
- (k) any other standards that may be determined by the Authority.

PART VI—LICENSING PROVISIONS

36. (1) A person shall not carry on business as a special economic zone or export processing zone developer, operator or an enterprise or hold himself out as providing or maintaining activities or facilities within a special economic zone or Export Processing Zone unless they are issued with a valid license under this Act. Licenses.

(2) A person, who intends to carry on business as a special economic zone or an export processing zone developer, operator and enterprise within a special economic zone or an export processing zone, shall make an application to the Authority in the prescribed form in the regulations.

(3) On receiving an application for licence or for a renewal of a licence, the Authority may on the recommendation of an operator and upon payment of the prescribed fee, issue to the applicant the appropriate licence or renew the licence and inform the Commissioner of Customs.

(4) In evaluating applications for special economic zone and export processing zone developer, operator and enterprise licences, the Authority shall assess the specific engineering and financial plans, financial viability, and environmental and social impact of the applicant's proposed special economic zone or Export Processing zone project, as appropriate.

(5) The Authority shall render its decisions on licensing under this Act within one month from the date on which the duly completed application form is submitted together with relevant supporting documents.

(6) A person shall not be issued with a licence to carry on business as special economic zone developer, operator or enterprise unless the person meets the minimum investment value of Kenyan Shillings five billion.

(7) The Cabinet Secretary may by notice in the *Gazette* amend the minimum investment value set out under subsection (6).

(8) The Authority shall, on an annual basis, and for the entire period during which a licence remains valid, conduct a compliance audit of a special economic zone developer, operator or enterprise to whom a licence is issued pursuant to ensure compliance with such terms and conditions of licence as prescribed in regulations, and the developer, operator or enterprise shall pay such annual licence fees to the Authority as may be prescribed.

(9) A special economic zone developer, operator or enterprise that fails to pay the prescribed annual licence fees within sixty days after the expiry of each twelve-month period following the date of issuance of the licence shall be liable to pay a penalty may be prescribed in the regulations.

(10) A license issued under this section shall—

- (a) be in the prescribed form;
- (b) remain valid for a minimum period of ten years from the date of issue subject to the payment of prescribed fees and inspection by the Authority;

Provided that—

- (i) the license shall expire, if after twenty-four months after the issuance, the developer, operator or enterprise has not commenced operations in accordance with the license conditions; and
 - (ii) a special economic one developer, operator or enterprise that fails to pay the prescribed annual fees within sixty days following each twelve-month following the date issuance of the first license shall be liable to pay a penalty as may be prescribed in the regulations.
- (c) authorize the licensee to carry on business as a special economic zone and export processing zone developer, operator or enterprise;

(d) be specific with regard to the activity to be carried out under the licence; or

(e) contain such other conditions as the Authority deems necessary.

(11) Before suspending or revoking a licence, the Authority shall give written notice of at least thirty days, specifying the—

(a) grounds for the intended suspension or revocation;

(b) terms and conditions of the licence or the provisions of law that have been contravened, not complied with or violated

(c) remedial action required; or

(d) period within which the licensee is required to comply or show cause why the licence should not be suspended or revoked.

(12) Where a licence is revoked, the Authority shall, in consultation with the Cabinet Secretary, make such arrangements as may be necessary to provide for the protection of third-party interests and the orderly exit, transfer or disposal of assets within the special economic zone.

(13) A special economic zone developer, operator or enterprise aggrieved by a decision of the Authority to suspend or revoke a licence may appeal the decision to the Cabinet Secretary within thirty days of receipt of the notification of suspension or revocation.

(14) A licence issued under this section —

(a) is not transferrable; and

(b) may be amended at any time on written notice to the holder by the Authority, if in its opinion the amendment is necessary.

37. The Authority shall give notice to the Kenya Revenue Authority of every license issued under this section to a person carrying on business as a special economic zone or an export processing zone operator specifying—

Notices of
Licenses issued to
Kenya Revenue
Authority.

(a) the activities in respect of which licensee is licensed, and

(b) any conditions attached to the licence.

38. (1) The Authority may suspend a licence issued under this Act where a special economic zones or export processing zone developer, operator and enterprise—

Suspension of a licence.

- (a) ceases to carry on the business in respect of which the licence is issued;
- (b) fails to fulfil an obligation under this Act;
- (c) breaches the condition of the license;
- (d) has been charged in a court of competent jurisdiction on suspicion of committing an offence under this Act;
- (e) has been convicted for an offence under this Act;
- (f) is a threat to public interest; or
- (g) safety contravenes the provisions of this Act or conditions attached to the licence and any other relevant law applicable to the license.

(2) Where the Authority intends to suspend a license of a special economic zone or an export processing zone developer, operator and enterprise, the Authority shall issue a notice in writing to the special economic zone or an export processing zone developer, operator and enterprise specifying the reasons for the intended suspension and require the holder of the license to undertake recommended remedial action undertaken by the a special economic zone or an export processing zone developer, operator and enterprise, the Authority shall suspend the license.

(3) Where the holder of a license receives a notice issued under subsection (2) does not undertake the recommended remedial action or the Authority is dissatisfied with remedial action undertaken by the holder, the Authority shall suspend the license.

(4) Upon suspension of a license under subsection (3), the Authority may revoke a license where the holder of the license does not undertake the recommended remedial action or the Authority is dissatisfied with remedial action undertaken by the holder for a period of at least six months.

(5) Where the Authority intends to revoke a license, it shall issue a notice in writing to the holder of the license

specifying the reasons for the intended revocation and require the holder of the license to undertake the recommended remedial action within fourteen days of receiving the notice.

(6) Where the holder of a license receives a notice issued under subsection (5) does not undertake the recommended remedial action or the Authority is dissatisfied with remedial action undertaken by the holder, the Authority shall revoke the license.

(7) A holder of a license who intends to cease carrying on business in an export processing zone shall submit to the Authority a notice in writing of its intention and specify the effective date of the cessation of carrying on business.

(8). Upon receipt of the notice submitted under subsection (7), the Authority shall, on the effective date of the cessation of carrying on business, revoke the license.

39.(1) The Authority may revoke a license issued under this Act where special economic zone or an export processing zone developer, operator and enterprise —

Revocation of a license.

- (a) makes a request in writing to withdraw from special economic zone or an export processing zone programme;
 - (b) had their license suspended for six months with no remedial action from special economic zone or an export processing zone developer, operator and enterprise;
 - (c) has been convicted of an offence under this Act or any other written law; or
 - (d) carries out activities prohibited under this Act or any other written law.
- (2) The Authority may also revoke a license issued under this Act where the license was issued on the basis of misrepresentation, false or fraudulent information.

(3) Where the Authority intends to revoke the license of special economic zone or an export processing zone developer, operator and enterprise, the Authority shall issue a notification to the special economic zone or an export

processing zone developer, operator and enterprise specifying the reasons for the revocation and the effective date of the revocation.

(4) The notification under subsection (3) shall be served upon the special economic zone or an export processing zone developer, operator and enterprise, fourteen days prior to the effective date of revocation.

(5) A special economic zone or an export processing zone developer, operator and enterprise whose license is under threat of revocation may within seven days of receipt of the notification under this section make an application to the Authority to review its intention to revoke its license.

(6) A review under subsection (5) shall be accompanied by a report from the special economic zone or an export processing zone developer, operator and enterprise demonstrating why their license should not be revoked.

(7) The Authority shall consider a review presented to it and shall make a decision within seven days of receipt of the review.

(8) Where special economic zone or an export processing zone developer, operator and enterprise waives their right to make an application to the Authority to review its intention to revoke its license or where the Authority is dissatisfied with the report presented by the special economic zone or an export processing zone developer, operator and enterprise under subsection (6), the license shall stand revoked on the effective date.

40. Unless otherwise provided under this Act or any other applicable law, payments and receipt of funds by a special economic zone enterprise shall be subject to the provisions of the Banking Act, the Central Bank of Kenya Act and Proceeds of Crime and Anti- Money laundering Act.

Receipts and payments of special economic zone and Export Processing Zones enterprises.
Cap.488.
Cap.491.
Cap.59A.

41. (1) The Authority shall maintain or cause to be maintained a register in a prescribed form of the holders of current licences issued under this Act, which shall include—

Register of licences.

- (a) the company name; and
- (b) the physical address at which the company carries on its business.

(2) The holder shall, within fourteen days of the occurrence of the event concerned, give to the Authority particulars of the change in the prescribed form where—

- (a) the holder of the licence ceases to carry on the business to which the licence relates; or
- (b) a change occurs in any particulars which are required to be entered in the register of licence holders with respect to the holder of a licence,

(3) Where the Authority suspends or revokes a licence issued under this Act, necessary changes shall be made in the register of licences.

(4) The Chief Executive Officer shall be the administrator and custodian of the register of licences.

42. (1) A person shall not carry on business within a special economic zone or an export processing zone as a Kenya economic zones service provider unless they are issued with a Kenyan economic zone service permit under this Act.

Issuance of a
Kenya Economic
Zones Service
Permit.

(2) A person, who intends to carry on business as Kenya Economic Zones Service provider, shall make an application to the Authority in the format provided under the regulations demonstrating that they meet the conditions for the issuance of the permit.

(3) The Authority may issue a permit to an applicant under this section upon the applicant's payment of the fees and fulfilment of the conditions for the issuance of the permit.

(4) A permit issued by the Authority shall be valid for a period of twelve calendar months and shall be renewable annually subject to compliance with the provisions of this Act and payment of the renewal fees as set out in the regulations.

(5) A permit issued under this section is not transferable.

43. (1) The Authority may suspend a permit issued under this Act where Kenya Economic Zones Service provider—

Suspension of a
Kenya Economic
Zones Service
Permit.

- (a) ceases to carry on the business in respect of which the permit is issued;
- (b) fails to fulfil their obligations under this Act;
- (c) breaches a condition of the license;
- (d) has been charged in a court of competent jurisdiction on suspicion of committing an offence under this Act;
- (e) is a threat to public safety; or
- (f) threat contravenes the provisions of this Act or conditions attached to the permit and any other relevant law applicable to the permit.

(2) Where the Authority intends to suspend the permit of a Kenya Economic Zones Service provider, the Authority shall issue a notification to the Kenya Economic Zones Service provider specifying the reasons for the suspension and the effective date of the suspension.

(3) The notification under subsection (2) shall be served upon the Kenya Economic Zones Service provider, twenty-eight days prior to the effective date of suspension.

(4) A Kenya Economic Zones Service provider whose permit is under threat of suspension may, within fourteen days of receipt of the notification under this section, make an application to the Authority to review its intention to suspend its permit.

(5) A review under subsection (4) shall be accompanied by a report from the Kenya Economic Zones Service provider demonstrating that they have rectified the reasons for suspension outlined by the Board under subsection (2).

(6) The Authority shall consider a review presented to it and shall make a decision within seven days of receipt of the application to review.

(7) Where Kenya Economic Zones Service provider waives their right to make an application to the Authority to review its intention to suspend its permit or where the

Authority is dissatisfied with the report presented by the Kenya Economic Zones Service provider under subsection (6), the permit shall stand suspended on the effective date.

44. (1) The Authority may revoke a permit issued under this Act where a Kenya Economic Zones Service provider—

Revocation of a
Kenya Economic
Zones Service
Permit.

- (a) makes a request in writing to withdraw from the special economic zone or export processing zone programme;
- (b) has had their permit suspended for six months with no remedial action from the Kenya Economic Zones Service provider;
- (c) has been convicted of an offence under this Act or any other written law; or
- (d) carries out activities prohibited under this Act or any other written law.

(2) The Authority may also revoke a permit issued under this Act where the permit was issued on the basis of misrepresentation, false or fraudulent information.

(3) Where the Authority intends to revoke the permit of a Kenya Economic Zones Service provider, the Authority shall issue a notification to the Kenya Economic Zones Service provider specifying the reasons for the revocation and the effective date of the revocation.

(4) The notification under subsection (3) shall be served upon the Kenya Economic Zones Service provider, fourteen days prior to the effective date of revocation.

(5) A Kenya Economic Zones Service provider whose permit is under threat of revocation may within seven days of receipt of the notification under this section make an application to the Authority to review its intention to revoke its permit.

(6) A review under subsection (5) shall be accompanied by a report from the Kenya Economic Zones Service provider demonstrating why their permit should not be revoked.

(7) The Authority shall consider a review presented to the application and shall make a decision within seven days of receipt of the application for review.

(8) Where a Kenya Economic Zones Service provider waives their right to make an application to the Authority to review its intention to revoke its permit or where the Authority is dissatisfied with the report presented by the Kenya economic zone business service provider under subsection (6), the permit shall stand revoked on the effective date.

45. (1) The Authority shall maintain or cause to be maintained in the prescribed form a register of the holders of current Kenya economic zone business service permits issued under this Act, which shall include—

Register of
permits.

- (a) the company name; and
- (b) the physical address at which the company carries on its business;

(2) The holder of the permit shall, within fourteen days of the occurrence of the event concerned, give to the Authority particulars of the change in the prescribed form where—

- (a) the holder of the permit ceases to carry on the business to which the licence relates; or
- (b) a change occurs in any particulars which are required to be entered in the register of permit holders with respect to the holder of a permit.

(3) Where the Authority suspends or revokes a permit issued under this Act, necessary changes shall be made in the Register of Permits.

(4) The Chief Executive Officer shall be the administrator and custodian of the register of permits.

PART VII— SPECIAL ECONOMIC ZONES AND EXPORT PROCESSING ZONES DEVELOPERS, OPERATORS AND ENTERPRISES

46. A special economic zone developer shall, in addition to such other criteria and requirements as may be prescribed—

Special
economic zone
developer and
operator.

- (a) have the financial capacity, technical and managerial expertise, and associated track record of relevant development or operational projects, required for developing or operating the special economic zone; and

- (b) own or lease land or premises for a period not less than ten years within the special economic zone as stipulated under the Special Economic Zones (Land Use) Regulations to be enacted within one hundred and eighty days of the coming into force of this Act.

47. (1) A special economic zone enterprise shall—

Special economic zone enterprises.

- (a) propose to engage in any activity or activities eligible to be undertaken by a special economic zone enterprise in the special economic zone;
- (b) not have a negative impact on the environment or engage in activities imposing on national security or presenting a health hazard; and
- (c) conduct business in accordance with the laws for the time being in force save for any exemptions under this Act.

(2) A special economic zone developer or operator undertaking, or intending to undertake, activities in a zone designated for midstream or upstream petroleum operations may apply, in the prescribed manner, for a special economic zone enterprise licence under subsection (1) for purposes of undertaking an activity or activities under this Act.

48. (1) A special economic zone developer shall have the right to—

Rights and obligations of a special economic zone developer or operator.

- (a) act or appoint a special economic zone operator to undertake management and administration of the special economic zone on its behalf subject to subsections (2), (3) and (4) of this section and such other licensing requirements as may be prescribed;
- (b) lease, sub-lease or sell land or buildings to licensed special economic zone operators special economic zone service permit holders and enterprises and residents, and charge rent or fees for other services that may be provided;
- (c) acquire, dispose or transfer special economic zone lands or other assets;

- (d) develop, operate and service special economic zone lands and other assets in conformity with applicable law and its licence;
- (e) provide utilities and other services in the special economic zone, in accordance with its licence, and to charge fees for such services;
- (f) provide utilities and other services outside the special economic zone in conformity with applicable law;
- (g) enjoy the benefits that may accrue under the provisions of this Act;
- (h) enter into contracts with private third parties for the development, operation, and servicing of special economic zone lands and other assets, including on-site and off-site infrastructure;
- (i) enter and freely participate in international financial markets, without any legal impediments or restrictions, to obtain funds, credits, guarantees and other financial resources; and
- (j) advertise and promote the special economic zone for which it holds a licence to potential investors and service providers.

(2) A special economic zone developer shall, in such manner as may be prescribed—

- (a) perform such physical development works or make such improvements to the special economic zone site and its facilities as may be required according to the plans approved by the Authority;
- (b) provide adequate measures to segregate the zone area from the customs territory for the protection of revenue together with suitable provisions for the movement of persons, conveyances, vessels and goods entering or leaving the zone;
- (c) provide or cause to be provided, adequate security on the site, as may be determined by the Authority in its licence;
- (d) adopt and enforce such rules and regulations within the special economic zone that promote safe and efficient business operations;

- (e) maintain adequate and proper accounts, and other records in relation to its activities, employment statistics, business and report on zone activities, performance and development to the Authority on a periodic basis or as required by the Authority; and
- (f) register all leases with the Authority.

(3) The accounts and records required under subsection (2) (e) shall be maintained in any of the official languages in Kenya.

49. (1) An export processing zone developer or operator shall— Export processing zone developers.

- (a) own or lease land or buildings within the export processing zone or part thereof for a minimum period of ten years; and
- (b) adhere to the terms and conditions for the requirements of operations of an export processing zone under this Act.

50. An export processing zone developer shall— Obligations of an Export processing zone developer.

- (a) develop the export processing zone within a period of two years in accordance with the guidelines prescribed by the Authority;
- (b) provide infrastructure and other services according provisions of this Act;
- (c) make improvements to the export processing zone site and its facilities as recommended by the Authority;
- (d) provide adequate enclosures to segregate the zone area from the customs territory for the protection of revenue together with suitable provisions for the movement of persons, conveyances, vessels and goods entering or leaving the zone;
- (e) provide adequate security on the site, office accommodation and facilities for customs as may be determined by the Authority;

- (f) develop facilities for its own within the export processing zone;
- (g) lease, sublease, sell or transfer land or buildings to an export processing zone operator, and charge rent or fees for other services that may be provided;
- (h) manage, and promote the zone;
- (i) file quarterly report to the Authority in a prescribed form in the regulations.
- (j) submit to the Authority, complete name lists, with photographs, of the employees within an export processing zone;
- (k) ensure that the premises are safe for occupancy and free from fire hazards pursuant to applicable building codes; and
- (l) comply with rules and regulations for businesses within the export processing zone, pursuant to the provisions of this Act.

51. An export processing zone enterprise shall—

Export processing zone enterprise.

- (a) be a private company or a public company incorporated in Kenya for the purpose of producing goods or services for export within an export processing zone;
- (b) engage in an activity or activities permitted to be undertaken by an export processing zone enterprise in the export processing zone;
- (c) adhere to the terms and conditions for the requirements of operations of an export processing zone under this Act; and
- (d) conduct business in accordance with the laws for the time being in force save for any exemptions that may from time to time be granted.

52. (1) An export processing zone enterprise shall keep at its place of business or premises and maintain in a form and manner conforming to accepted accounting standards the following—

Obligations of an export processing zone enterprise.

- (a) all records as prescribe by the Authority;
- (b) all records as prescribed by Customs ;
- (c) a stock book in which shall be entered the quantity and description of all raw materials used for manufacture, the quantity and description of semi-finished products, and the manner of their disposal;
- (d) a stock book for recording particulars of waste materials resulting from manufacture;
- (e) books of account, invoices, customs permits and other documents connected with the manufacturing operations;
- (f) a record of the description and quantity of physical loss resulting from evaporation, spillage, leakage, or other causes;
- (g) produce on demand at any time for the inspection of an officer of the Authority the books, records and documents referred to in subsection 1 a above and shall allow such officer to make extracts therefrom, for the Authority's own record or reference;
- (h) submit to the Authority not later than the fourteenth day of January, April, July and October returns set out in a prescribed form in the regulations in giving details of—
 - (i) all raw materials received at the place or premises of manufacture during the preceding month;
 - (ii) production of semi-finished and finished products including byproducts and their releases for local consumption and for export;
 - (iii) waste stocks and the manner of their disposal;
 - (iv) loss through spillage, evaporation and other causes;
 - (v) the balances of all raw materials and of the semi-finished products including by-products stocked at the place or premises of

manufacture as at the close of business on the last day of the month;

- (i) complete and submit to the Authority the Annual Survey of Export Processing Zone as set out in the regulations and return the completed prescribed forms by the date to be indicated by the Authority;
- (j) furnish on request as and when the Authority deems necessary any other information and all such information shall be treated as confidential;
- (k) abide by the Customs rules and regulations prescribed with regard to the entry, removal and disposal of all raw materials, semifinished or finished products and machinery;
- (l) submit to the export processing zone developer a complete list of names of its employees, with photographs;
- (m) on the resignation of its employees, the operator shall inform the developer for purposes of deletion from the original list submitted;
- (n) issue its employees with an identification card carrying a photograph which shall serve the purpose of a permanent entry and exit pass and the pass shall be in prescribed form as set out in the regulations.
- (o) exercise the due supervision of its employees to abide by the rules and regulations enforced in an export processing zone;
- (p) where manufacturing and commercial activities involving similar goods manufactured outside Custom Territory are carried on by an export processing zones enterprise, the two activities shall be physically separated; and
- (q) where commercial activities involve goods manufactured outside Custom Territory, such goods shall be clearly labelled as products where such goods were manufactured.

53. A licensed special economic zone and export processing zone enterprise shall enjoy—

Rights of a special economic zone and an export processing zone enterprise.

- (a) the full protection of its property rights against all risks of nationalization or expropriation;
- (b) the right to fully repatriate all capital and profits, without any foreign exchange impediments;
- (c) the right of protection of industrial and intellectual property rights, in particular patents, copyrights, business names, industrial designs, technical processes and trademarks;
- (d) the right to admit into -
 - (i) the special economic zone for which it is licensed, to export and sell in the customs territory all classes or kinds of goods and services upto 100% in accordance with the custom laws of the East African Community;
 - (ii) the export processing zone for which it is licensed, to export and sell in the customs territory all classes or kinds of goods and services upto 20% in accordance with the custom laws of the East African Community
- (e) the right to transact and carry on business with a non-Kenya economic zones enterprise;
- (f) the right to contract with any other enterprise, to buy, sell, lease, sub-let or otherwise exercise, manage or transfer land or buildings within a special economic zone and export processing zone subject to the Authority's approval and applicable regulations in respect of the activities of such enterprise within the zone;
- (g) the right to determine the prices of any of its goods or services sold inside or outside the special economic zone and export processing zone for which it is licensed;
- (h) the benefits in the national context of an open, free, competitive investment environment including the right to freely engage within the special economic zone and export processing zone for which it is licensed in any business, trade, manufacturing or service activity not prohibited by this Act; and

- (i) all other rights and benefits granted to licensed special economic zones and export processing zones enterprises under this Act.

54. (1) All licensed special economic zone and export processing zone enterprises, developers and operators shall be granted tax incentives as specified in the respective tax laws and as set out in the prescribed form in the regulations.

Benefits accruing to special economic zone and export processing zones enterprises, developers and operators.

(2) Subject to subsection (1), licensed special economic zone and export processing zone enterprises, developers and operators shall be granted the following exemptions from—

- (a) stamp duty on the execution of any instrument relating to the business activities of special economic zone and export processing zones enterprises, developers and operators;
- (b) the provisions of the Foreign Investments and Protection Act relating to certificate for approved enterprise; Cap. 518.
- (c) the provisions of the Statistics Act; Cap. 112.
- (d) the payment of advertisement fees and business service permit fees levied by the respective County Governments' Finance Acts;
- (e) general liquor licence and hotel liquor licence under the Alcoholic Drinks Control Act; Cap. 121.
- (f) manufacturing licence under the Tea Act; Cap. 343.
- (g) licence to trade in unwrought precious metals under the Trading in Unwrought Precious Metals Act; Cap. 309 (Repealed)
- (h) filming licence under the Films and Stages Plays Act; Cap. 222.
- (i) rent or tenancy controls under the Landlord and Tenant (Shops, Hotels and Catering establishments) Act; Cap. 301.
- (j) exemption from quotas or other restrictions or prohibitions on import or export trade with the exception of trade in firearms, military equipment

or other illegal goods and activities as may be declared by the government from time to time; Cap.372.

(k) exemptions from payment of fees, duties, taxes, permits and levies imposed by the respective government agencies;

(l) exemptions from regulations under the Water Act;

(m) exemption from payment of Railway Development Levy for inputs, raw materials, machinery, and equipment imported by manufacturers within a zone on the recommendation of the Cabinet Secretary for the time being responsible for the National Treasury;

(n) exemption from the requirement of obtaining licences or permits from other Agencies for goods exported outside the custom territory;

(o) any other exemption as may be granted under this Act in consultation with the Cabinet Secretary for that matter, by notice in the *Gazette*.

(3) Licensed special economic zone enterprises and export processing, developers and operators shall be entitled to work permits of up to twenty per cent of their full-time employees;

(4) Despite subsection (3) on the recommendation of the Authority, additional work permits may be obtained for specialized sectors.

PART VIII—KENYA ECONOMIC ZONES SERVICE PERMIT

55. (1) A Kenya economic zone service provider shall be a—

Kenya
Economic zone
service
provider.

(a) sole proprietorship

(b) partnership; or

(c) company.

(2) A Kenya economic zone service Provider shall—

(a) carryout an eligible business service activity set out in the regulations on Eligible Business Service Activity hereto within the zone;

- (b) file quarterly report to the Authority in the regulations; and
- (c) comply with rules and regulations for businesses within the zone and pursuant to the provisions of this Act and another law or regulation.

PART IX—FINANCIAL PROVISIONS

56. (1) The Funds of the Authority shall be subject to the provisions of the Banking Act, Central Bank of Kenya Act and Proceeds of Crime and Anti-Money Laundering Act and shall consist of—

Funds of the
Authority.
Cap. 488.
Cap.491.
Cap.59A.

- (a) monies appropriated by the National Assembly for the purposes of the Authority;
- (b) fees, fines, levies, or other charges under this Act;
- (c) such moneys or assets as may accrue to the Authority in the course of the exercise of its powers or the performance of its functions under this Act or under any other written law;
- (d) monies from any other source such as grants, loans, donations or gifts given to the Authority;
- (e) income from investments made by the Authority; and
- (f) any other funds designated for or accruing to the Authority by virtue of the operation of law.

(2) There shall be paid out of the funds of the Authority, all expenditure incurred, administrative expenses or for such other purposes as may be necessary for the discharge of the functions of the Authority in the exercise of its powers or the performance of its functions under this Act.

(3) The Authority shall, at all times, comply with the provisions of the Public Finance Management Act, Public Audit Act and the Public Procurement and Asset Disposal Act

Cap. 412A.
Cap.412B.
Cap.412C.

57. The financial year of the Authority shall be the period of twelve months ending on the thirtieth of June in each year.

Financial Year.

58. (1) At least three months before the commencement of each financial year, the Board shall cause to be prepared estimates of the revenue and expenditure of the Authority for that financial year.

Annual
Estimates.

(2) The annual estimates shall make provision for all the estimates of expenditure of the Authority for the financial year and shall in particular provide for—

- (a) the cost of administration of the Authority including payment of salaries, allowances, pensions, gratuities and other charges whatsoever payable to the staff and members of the Authority;
- (b) payment of pensions, gratuities and other charges in respect to retirement benefits to the staff of the Authority;
- (c) the payment or reimbursement to the members of the Board of monies in respect of expenses incurred during the attendance of the meetings of the Authority; and
- (d) the proper maintenance, repair and replacement of the equipment and other movable property of the Authority; and
- (e) any other expenditure that may be necessary for the carrying out of the respective objects and functions under the Act.

(3) The annual estimates shall be approved by the Board before the commencement of the financial year to which they relate and shall be submitted to the Cabinet Secretary for approval.

(4) Any variation of the annual estimates of the Authority shall be in accordance with the Public Finance Management Act and any other applicable law.

Cap.412A.

(5) Expenditure shall not be incurred for the purpose of the Authority except in accordance with the annual estimates approved under subparagraph (3) or in pursuance of an authorization of the Board given with the prior approval of the Cabinet Secretary

59. (1) The Authority shall cause to be kept all proper books and records of accounts of the income, expenditure, assets and liabilities of the Authority.

Account and
Audits.

(2) The accounts of the Authority shall be audited and reported upon in accordance with the Public Finance Management Act and the Public Audit Act.

Cap. 412A.
Cap. 412B.

60. The Board shall, within three months after the end of each financial year, prepare and submit to the Cabinet Secretary a report of the operations of the Authority for the immediately preceding year.

Annual Report.

61. (1) The accounting officer may, in accordance with the law relating to the management of public finance, and with the approval of the Board and the National Treasury, open bank accounts on behalf of the Authority.

Bank Account.

(2) The accounting officer shall be responsible for the proper management of the finances of the Authority

62. (1) All monies of the Authority which are not immediately required to be applied for purposes of this Act shall be invested—

Investment of Funds.

(a) in such investment in a reputable bank on the advice of the Central Bank of Kenya, being an investment in which trust funds, or part thereof, are authorized by law to be invested; and

(b) in government securities as may be approved by the National Treasury.

(2) All investments made under this section shall be held in the name of the Authority.

PART X—MISCELLANEOUS PROVISIONS

63. The Authority shall be exempt from payment of any stamp duty chargeable under the Stamp Duty Act for land transactions.

Exemption from Stamp duty.
Cap.480.

64. The data processed under this Act shall comply with the Data Protection Act.

Data protection.
Cap. 411C.

65. A person aggrieved by any direction given by the Authority to such person or by a decision of the Authority may, request the Cabinet Secretary to within thirty days of the request to review a decision of the Authority relating to the decision.

Disputes.

66. A person aggrieved by any direction given by the Cabinet Secretary may appeal to the High Court within thirty days from the date on which the decision was communicated to such person.

Appcals.

PART XI- OFFENCES AND PENALTIES

67. (1) A person who commits an offence under this Act for which no specific penalty is provided or who otherwise contravenes this Act is liable on conviction, to a fine not exceeding one hundred thousand shillings or to imprisonment for a term not exceeding three months or to both. General penalty.

(2) A person who contravenes the provisions of section 30 on prohibited activities commits an offence and shall be liable upon conviction to imprisonment for a period not exceeding three years or to a fine not exceeding one million shillings, or to both.

(3) A person who contravenes section 34 on removal of goods commits an offence and is liable to a fine not exceeding twenty million shillings or imprisonment for a term not exceeding three years or both and the goods shall be forfeited under the East African Community Customs Management Act.

(4) The Authority may impose an administrative penalty to a special economic zone developer or a special economic zone operator who fails to maintain adequate and proper accounts and other records as required by this section, of a sum not exceeding five million shillings.

PART XII- PROVISIONS ON DELEGATED POWERS

68. (1) The Cabinet Secretary shall in consultation with the Authority, make regulations generally for the better carrying out the provisions of this Act, and without prejudice to the foregoing, the Cabinet Secretary may make regulations in respect of— Regulations.

- (a) determine application procedures and criteria for the approval of special economic zones or export processing zones developers, operators and enterprises;
- (b) determine procedures for providing the benefits accruing to special economic zone or export processing zones developers, operators and enterprises
- (c) ensure adequate security within the special economic zones and export processing zones;

- (d) determine the form of the licences to be issued under this Act and the procedures for amendment and revocation of the licences;
- (e) determine entry of personnel into a special economic zone and export processing zones;
- (f) require information from special economic zone and export processing zones developers, operators and enterprises; and
- (g) any other information required to be prescribed under this Act.

(2) For the purposes of Article 94(6) of the Constitution—

- (a) the purpose and objective of the delegation under this section is to enable the Cabinet Secretary to make regulations for better carrying into effect the provisions of this Act; and
- (b) the authority of the Cabinet Secretary to make regulations under this Act is limited to bringing into effect the provisions of this Act and fulfilment of the objectives specified under this section.

PART XIII—TRANSITIONAL PROVISIONS

69. The following Acts are repealed—

Repeals.

(a) the Export Processing Zones Act; and

Cap.517.

(b) the Special Economic Zones Act.

Cap. 517A.

70. (1) In this Part—

Transition.

“former authorities” means any authority established by a repealed Act, existing immediately before the commencement of the Act and includes—

- (a) the Export Processing Zones Authority; and
- (b) the Special Economic Zones Authority.

(2) Upon the commencement of this Act, all the funds, assets and other property movable and immovable which immediately before the commencement of this Act, were held for and on behalf of the former authorities shall, by virtue of this paragraph and without further assurance, vest in the Authority.

(3) Every public officer having the power or duty to effect or amend any entry in a register relating to property or to issue or amend any certificate or other document effecting or evidencing title to property, shall, without payment of a fee or other charge and upon request made by or on behalf of the Authority, do all such things as are by law necessary to give final effect to the transfer of the property mentioned in sub-paragraph (1).

(4) Any lease, license, permit, contract, memorandum of understanding or agreement issued or entered by the former authorities immediately before the commencement of this Act shall operate as if they were entered into by the Authority and shall operate for the remainder of the subsisting period.

(5) All rights, powers, liabilities and duties, whether arising under any written law or otherwise, which immediately before the commencement of this Act were vested in, imposed on or enforceable by or against the Government for and on behalf of the former authorities shall, by virtue of this paragraph, be transferred to, vested in, imposed on or enforceable by or against the Authority.

(6) All actions, suits or proceedings pending by or against the Government for and on behalf of the former authorities shall be carried on or prosecuted by or against the Authority.

(7) Any person who, at the commencement of this Act, is a member of staff of a former authority whether on permanent and pensionable or contract terms shall become a member of staff of the Authority on the same or improved terms and conditions of service as may be specified by the Board of the Authority.

(8) For the avoidance of doubt, any regulations, rules, orders made under the repealed Acts shall remain in force so far as it is not inconsistent with this Act and shall be deemed for all purposes to have been made under this Act.

SCHEDULE (s.16)**CONDUCT OF THE AFFAIRS AND BUSINESS OF THE BOARD**

1.(1) The Board shall hold not less than four meetings in every financial year, and not more than four months shall elapse between the date of one meeting and the date of the next meeting.

(2) The notice for a meeting of the Board shall be in writing, and shall be for a period of fourteen days.

(3) The chairperson shall preside at every meeting of the Authority at which he is present but, in his absence, the members shall elect one of their members to preside, who shall, with respect to that meeting and the business transacted thereat, have all the powers of the chairperson.

(4) The Board may invite any person to attend any of its meetings and to participate in its deliberations, but such person shall not have a vote in any decision of the Authority.

(5) No meeting of the Board shall be held at any place other than the principal office of the Authority except with the prior written approval of the State Corporations Advisory Committee.

2.(1) If a person is present at a meeting of the Board or any committee at which any matter is the subject of consideration and which matter that person is directly or indirectly interested in a private capacity, that person shall as soon as is practicable after the commencement of the meeting, declare such interest.

(2) The person making the disclosure of interest under subsection (1) shall not, unless the Board or committee otherwise directs, take part in any consideration or, discussion of, or vote on any question touching on the matter.

(3) A disclosure of interest made under subparagraph (1) shall be recorded in the minutes of the meeting at which it is made.

(4) A person who contravenes subparagraph (1) commits an offence and is liable on conviction, to a fine not exceeding five hundred thousand shillings or to imprisonment for a term not exceeding three years or to both.

3.(1) The quorum for the conduct of business at a meeting of the Authority shall be two-thirds of the total number of members of a Authority or the number nearest to but not less than two-thirds of all the members of the Board.

(2) Where there is a vacancy in the Board, the quorum of the meeting shall not be less than three appointed members.

4. A decision of the Board shall be by a majority of the members present and voting and, in the case of an equality of votes, the person presiding at the meeting shall have a casting vote.

5. Subject to this Act, the Board shall determine procedure for the conduct of its business and cause to be kept records of minutes of its proceedings and decisions

MEMORANDUM OF OBJECTS AND REASONS

Statement of objects and reasons

The principal object of the Bill is to provide for the merger of the Export Processing Zones Authority and Special Economic Zones Authority in order to promote and facilitate global and local investors.

Part I (Clauses 1 — 3) of the Bill provides for the preliminary provisions including the short title of the Bill, interpretation of the terms used in the Bill and the objects and application of the Bill.

Part II (Clauses 4 — 23) of the Bill contains administrative provisions. It establishes the Authority which will be a successor of the merger between Export Processing Zones Authority and Special Economic Zones Authority and outlines its functions. It provides for the Board of the Authority, its functions, powers, qualifications of members and appointment of the Chief Executive Officer, Corporation Secretary and the staff of the Authority.

Part III (Clauses 24— 25) of the Bill provides for the declaration of special economic zones and the criteria for designing special economic zones.

Part IV (Clauses 26—30) of the Bill provides for the establishment of the Export processing zones. It provides for the declaration and export processing zones. It provides for the revocation of a declaration of an export processing zone, activities permitted within an export processing zone and prohibited activities within export processing zone.

Part V (Clause 31—35) of the Bill provides for operations within a special economic zone and an export processing zone. It provides for goods and services considered as exported and goods and services considered as imported. It also provides for goods and services within a special economic zone and export processing zone. It also provides for removal of goods from special economic zones and export processing zone and facilities within a special economic and export processing zone

Part VI (Clauses 36—45) of the Bill provides for licensing. It states the procedure for licenses, notices of licenses issued to Kenya Revenue Authority, suspension of licenses and revocation of licenses. The receipts and payment of special economic zone and export processing zone enterprises. It provides for the register of licenses, issuance of the Kenya Economic Zones Service Permit, suspension of the Kenya Economic Zones Service Permit, revocation of the Kenya Economic Zones Service Permit and the register of permits.

Part VII (Clauses 46—54) of the Bill provides for the Special Economic Zones and Export Processing Zones Developers, Operators and Enterprises. It contains the special economic zone developers and operators, special economic zones enterprises, right and obligations of special economic zone developers and operators and export processing zone developer. It also provides for the obligations of an export processing zone developer, export processing zone enterprise, obligations of an export processing zone enterprise, rights of special economic zone and export processing zone enterprise. It also provides for the rights of special economic zone and export processing zone enterprises, developers and operators.

Part VIII (Clause 55) of the Bill provides for the Kenya Economic Zones Service Provider.

Part IX (Clauses 56—62) of the Bill provides for financial provisions. It provides for funds of the Authority, financial year, annual estimates, account and audits, annual report, bank account and investment of funds.

Part X (Clauses 63—66) of the Bill provides for miscellaneous provisions. It contains provisions for exemption from stamp duty, data protection, disputes and appeals.

Part XI (Clause 67) of the Bill provides for general penalty.

Part XII (Clause 68) of the Bill provides for the delegated powers of the Cabinet Secretary to make Regulations under the Act.

Part XIII— (Clause 69—70) of the Bill provides for the transitional provisions which include repeals and transition.

The First Schedule of the Bill contains provisions as to the conduct of business and affairs of the Board.

Statement on the delegation of legislative powers and limitation of fundamental rights and freedoms

The Bill delegates legislative powers to the Cabinet Secretary but does not limit fundamental rights and freedoms.

Statement as to whether the Bill concerns county governments

The Bill does not concern county governments in terms of Article 110(1)(a) of the Constitution as it does not contain provisions affecting the functions and powers of the county governments set out in the Fourth Schedule to the Constitution. Paragraph 9 of the Fourth schedule to the Constitution provides that national economic policy and planning is a national government function.

Statement as to whether the Bill is a money Bill within the meaning of Article 114 of the Constitution

The Bill is a money Bill for purposes of Article 114 of the Constitution as the enactment of this Bill may occasion additional expenditure of public funds.

Dated the 14th May, 2026

KIMANI ICHUNG'WAH,
Leader of Majority Party.