

SPECIAL ISSUE

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NATIONAL ASSEMBLY BILLS, 2026

NAIROBI, 28th September, 2026

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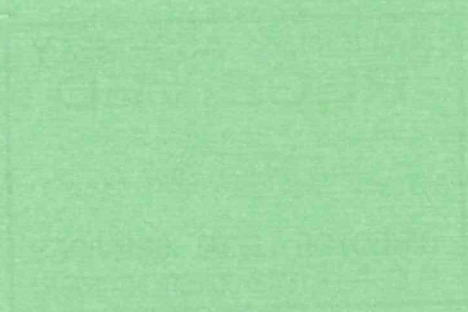
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**THE TAX LAWS (AMENDMENT) BILL, 2026
(AMENDMENT) BILL, 2026**

A Bill for

**AN ACT of Parliament to amend Value Added Tax Act
the Excise Duty Act and for connected purposes**

ENACTED by the Parliament of Kenya, as follows—

1. This Act may be cited as the Tax Laws (Amendment) Act, 2026 and shall come into effect upon publication.

Short title and commencement.

2. Section 5 of the Value Added Tax Act is amended—

Amendment of section 5 of Cap. 476.

(a) by deleting subsection (2A) and substituting therefor the following new subsection—

(2A) Notwithstanding the provisions of subsection (2), the rate of tax for the following items shall be eight percent of the taxable value—

(a) Motor Spirit (gasoline) premium of tariff number 2710.12.20;

(b) Illuminating Kerosene of tariff number 2710.19.22; and

(c) Gas Oil (automotive, light, amber for high-speed engines) of tariff number 2710.19.31.

(b) by deleting subsection (2B) and substituting therefor the following new subsection—

(2B) The provisions of subsection (2A) shall be in effect for a period of ninety days from the date of coming into effect of this Act:

Provided that the Cabinet Secretary may by notice in the *Gazette*, extend the period under this subsection for a further ninety days.

3. The First Schedule to the Excise Duty Act is amended in the description of "Imported ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing; finishing ceramics of tariff 6907" by deleting the corresponding rate

Amendment of the First Schedule to Cap. 472.

of excise duty and substituting therefor the following new rate of excise duty—

“5% of the excisable value or KSh. 300 per square meter, whichever is higher”

MEMORANDUM OF OBJECTS AND REASONS

The object of this Bill is to amend the Value Added Tax Act to provide the rate of Value Added Tax on petroleum products at eight percent. This is a tax measure intended to cushion citizens from the rising global prices of fuel.

Additionally, the Bill amends the Excise Duty Act to correct the rate of excise on tiles from based on weight measure to base on size measure.

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

The Bill neither delegates legislative powers to the Cabinet Secretary nor does it limit any fundamental rights or freedoms.

Statement as to whether the Bill concerns counties within the meaning of Article 110(1)

The Bill does not concern County Governments in terms of Article 110 (1) (a) of the Constitution and it does not affect the functions and powers of County Governments recognized in the Fourth Schedule to the Constitution.

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

The Bill is a money Bill within the meaning of Article 114 of the Constitution.

Dated the 28th September, 2026.

KIMANI ICHUNG'WAH,
Leader of Majority Party.

Section 5 of Cap. 476 which it is proposed to amend —

5. Charge to tax

(1) A tax, to be known as value added tax, shall be charged in accordance with the provisions of this Act on—

- (a) A taxable supply made by a registered person in Kenya;
- (b) The importation of taxable goods; and
- (c) A supply of imported taxable services.

(2) The rate of tax shall be—

- (a) in the case of a zero-rated supply, zero per cent; or

(aa) *deleted by Act No. 4 of 2023, s. 30(a);*

(ab) *deleted by Act No. 4 of 2023, s. 30(b);*

- (b) in any other case, sixteen per cent of the taxable value of the taxable supply, the value of imported taxable goods or the value of a supply of imported taxable services.

(3) Tax on a taxable supply shall be a liability of the registered person making the supply and, subject to the provisions of this Act relating to accounting and payment, shall become due at the time of the supply.

(4) The amount of tax payable on a taxable supply, if any, shall be recoverable by the registered person from the receiver of the supply, in addition to the consideration.

(5) Tax on the importation of taxable goods shall be charged as if it were duty of customs and shall become due and payable by the importer at the time of importation.

(6) Tax on the supply of imported taxable services shall be a liability of any person receiving the supply and, subject to the provisions of this Act relating to accounting and payment, shall become due at the time of the supply.

(7) The provisions of subsection (1) shall be applicable to supplies made over the internet or an electronic network or through a digital marketplace.

(8) The Cabinet Secretary shall make regulations to provide the mechanisms for implementing the provisions of subsection (7).

(9) For the purposes of this section, “digital marketplace” means an online platform which enables users to sell goods or provide services to other users.

First Schedule of Cap. 472, it is proposed to amend—

RATES OF EXCISE DUTY

Part I – EXCISABLE GOODS

Imported ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing; finishing ceramics of tariff 6907

5% of the excisable value or KSh. 50 per kilogram, whichever is higher.

