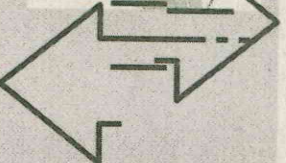




FINANCE BILL AMENDMENTS
Proposal
 Housing Levy **3% contribution**
 Refundable after **7 Years**
 Capped at **Sh 2,500**



1.5%
 Amendment
 1.5% Housing
 Levy Non
 refundable

FINANCE BILL AMENDMENTS
Proposal
15% Excise duty mobile money transfer
Amendment
12% Excise duty mobile money transfer

Ruto MPs, Azimio clash as Finance Bill is debated in National Assembly

► Azimio says increased taxation will burden Kenyans, but Ruto allies argue that this will end borrowing.

► Ichung'wah accuses Azimio MPs of whipping up public emotion through misrepresentation of facts.

JOSPHAT THIONG'O, NAIROBI

A heated debate ensued in the National Assembly yesterday after the Kenya Kwanza administration tabled the Finance Bill, 2023.

Finance and National Planning Committee Chairman Kimani Kuria tabled the Bill before the House, highlighting President William Ruto's tax concessions and his areas of focus.

But the Raila Odinga-led Azimio members opposed the Bill, terming it a formula for taxation that will burden the country even as Kenya Kwanza Alliance members sought to convince Kenyans that the proposals would ensure economic growth and put an end to borrowing.

Contentious clauses in the fiscal Bill include doubling of VAT on fuel from eight to 16 per cent, introduction of 1.5 per cent housing levy - that has been revised downwards from an earlier proposed three per cent, and digital service tax of 15 per cent, which

has also been reduced to five per cent. Also in contention is a three per cent turnover tax on businesses, up from one per cent. In the amended version of the Bill tabled yesterday, the threshold of firms eligible to pay the turnover tax is Sh1 million per year.

While tabling the Bill, Mr Kimani defended the housing levy saying it would benefit low-income earners who cannot afford mortgages.

"It is important to note that the capping of Sh2,500 has been removed because this would have been discriminatory against those that are earning less. We listened to the views of these Kenyans, and we proposed a reduction in the housing fund contribution from the three per cent employee and three per cent employer to 1.5 per cent-employee contribution and 1.5 per cent employer contribution," he said.

But Rarieda MP Otende Amollo rejected the housing levy and accused the government of lying to Kenyans that the Finance Bill would end their suffering.

"The national government is only to do the housing policy. So, when you are bringing the question of housing and you are introducing the tax, you are actually amending the Constitution through the back door. And it also means that this Bill should go to the Senate, because the Senate must have a role in anything to do with counties," said Mr Amollo. Teso South MP Mary Emase,



Kimani Kuria, MoU MP

"It is important to note that the capping of Sh2,500 has been removed."



Otende Amollo, Rarieda MP

"This Bill should go to the Senate, because the Senate must have a role in anything to do with counties."



Opiyo Wandayi, Unguja MP

"I want to caution you: this Bill can actually spark a revolution that will not be ended."

who is the vice-chair of the Budget Committee, supported the proposal to increase VAT on fuel to 16 per cent, saying that currently, 60 per cent of revenue goes towards debt repayment.

"We talk of subsidies to continue. We talk of less taxes...yes you can choose to go that direction but the question you should ask yourself, for how long shall you be able to sustain the subsidies," she said.

SECTOR ALLOCATIONS

- **Sh59 billion** State Department for Water and Sanitation
- **Sh26 billion** State Department for Housing and Urban Development
- **Sh20 billion** State Department for ICT & Digital Economy
- **Sh17.7 billion** State Department for Sports
- **Sh6.1 billion** State Department for Energy
- **Sh18 billion** State Department for Livestock Development
- **Sh10 billion** State Department for the Blue Economy and Fisheries
- **Sh13.3 billion** State Department for MSMEs Development
- **Sh36 billion** State Department for Social Protection and Senior citizens affairs
- **Sh10 billion** State Department for Wildlife

Kimani also defended the doubling of VAT on fuel, saying that retaining it at eight per cent was foolhardy. "The government stands to lose as petroleum businesses become perpetual creditors, which then impacts quality of service delivery by the government to the citizenry. Therefore, this calls for an end to the subsidised rate of eight per cent," he said.

To cushion Kenyans from the high cost of fuel, he said, the committee had made amendments to accelerate the country going green.

"We have incentivised manufacturers of electric motor vehicles, electric motorcycles, electric boda boda cycles so that in the long run we grow our manufacturing of electric buses and vehicles. We have zero-rated their charging system and charging units, and we look forward just like countries like the USA and UK," he said.

National Assembly Minority Leader Opiyo Wandayi, however, accused Ruto of imposing the Bill on Kenyans and being insensitive to their plight.

"The mood out there is that this Bill is a make-or-break point. This Bill can actually spark a serious revolution in this country. I want to caution you: this Bill can actually spark a revolution that will not be ended. It is going to be a revolution led by the poor hustlers because they have had enough," said Mr Wandayi.

Deputy Minority Leader Robert Mbuu questioned Kenya Kwanza's wisdom to urge Kenyans to back the Bill, no matter how painful.

"The average monthly salary is Sh176,000 in Tunisia, Sh187,000 in South Africa, Sh263,000 in Morocco, while that of a Kenyan is Sh22,000. How do you compare Kenya with other countries? How do you compare day and night?" he said.

Mr Mbuu added, "When you tell us that you want Kenyans to feel pain now, I don't know they will go to heaven sooner or stand enjoying themselves...it reminds me of Shakahola. That is what the people of Shakahola were told: they were told 'sell all your earthly assets, come to us, starve and suffer in pain then die and see heaven'."

Kiharu MP Ndindi Nyoro was, however, of a different view. "We have been able to add an additional Sh10 billion to capitalise junior secondary school students, double the Heib allocation from Sh15 billion to Sh30 billion, and add Sh10 billion to NG-CDF where every constituency will receive between Sh25 million and Sh45 million. As we discuss the Bill, what specific area of expenditure do you have a problem with?" Majority Leader Kimani Ichung'wah accused Azimio MPs of trying to whip up emotions of the public through misrepresentation of facts.

AVIATION

Finance Bill will help turn around fortunes of debt-strapped Kenya Airways, Murkomen says

Transport Cabinet Secretary Kipchumba Murkomen has said the Finance Bill, 2023 will boost the fortunes of national carrier, Kenya Airways (KQ).

"The Bill that is before Parliament contains amendments that delete some tax clauses that, according to the sector, were making it difficult for investors that are running airlines and aircraft maintenance," said Mr Murkomen. The CS was speaking during the launch of a

customer loyalty programme by KQ called Asante Reward, yesterday.

Murkomen said the Bill proposes to scrap three taxes on aircraft and parts importation. The tax exemptions include 16 per cent valued added tax, scrapping 3.5 per cent import declaration fee, as well as two per cent railway development levy.

The CS said that removal of taxes on importation of aircrafts and maintenance parts will help

reduce losses incurred by the airline. "We want to take Kenya Airways back to where it was. As a ministry, we are ready."

Asante Reward programme seeks to leverage customer relations between the airline and consumers of its services.

"We are presenting to the world a fully owned Kenya Airways customer loyalty programme. We have taken opportunity to appreciate our customers," said KQ chief executive Allan Kila-

vuka, adding that the aviation sector contributes about four per cent of the country's GDP with 5,000 jobs and therefore is an important sector to the growth of the economy.

He said the programme presents a number of customer benefits ranging from personalised offers to tailored rewards.

Customers can register through visiting the KQ website or downloading the KQ App. [okumu Modachi]