

Finance Act, 2023:

Aligning with housing levy

| 07 August 2023



CLIFFE DEKKER HOFMEYR

INCORPORATING
KIETI LAW LLP, KENYA

Overview of our Law Firm

We are a top, independent, African business law firm based in South Africa and in Kenya through Kieti Law LLP. We are actively cultivating relationships with other top independent firms around the world. At Cliffe Dekker Hofmeyr (CDH) we believe the right partnership can lead to great things.



Brent Williams
Chief Executive Officer



Tim Fletcher
Chairperson

Clients attest to this firm's proficient approach:
"Professional, terrific turnaround times, quality advice and out-of-the-box solutions."

CHAMBERS GLOBAL

CDH is *"extremely commercial, client-centric and efficient, while also providing sound advice which is always in our best interest."*

CHAMBERS GLOBAL

 **Full service** law firm.
One of the largest business law firms in South Africa.

 more than **300 lawyers**

 track record spanning **169 years**



DealMakers



BBBEE STATUS: LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.



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Our practice areas

- Tax and exchange control
- Competition law
- Banking and finance
- Corporate and commercial
- Dispute resolution,
- Employment law
- Environmental law
- Real estate law
- Trusts and estates
- Intellectual property

The Firm received recognition for outstanding standards of practice and legal service delivery, having been ranked as 1st Runners up in the Large Law Firm of the Year Category at the Nairobi Legal Awards 2022.

Our Partners are ranked highly by Chambers Global, Legal 500 and IFLR 1000.



The Finance Act, 2023

- Finance Bill, 2023 was tabled in Parliament on 4 May 2023
- Stakeholder participation done as from 22 May 2023
- Assented on 26 June 2023
- Takes effect in stages:
 - 1 July 2023
 - 1 September 2023
 - 1 January 2024
- It will amend various laws (mainly tax laws)
- Court of Appeal lifted the orders barring the implementation of the Finance Act, 2023.



REPUBLIC OF KENYA

**MINISTRY OF LANDS, PUBLIC WORKS, HOUSING
AND URBAN DEVELOPMENT**
**STATE DEPARTMENT FOR HOUSING AND URBAN
DEVELOPMENT**

PUBLIC NOTICE

The State Department for Housing and Urban Development would like to inform the members of the public that the Affordable Housing Levy is now in effect from **1 July 2023**.

The levy is payable by the employee and employer at a rate of one point five per centum of the employee's gross monthly salary by the employee, and one point five per centum of the employee's monthly gross salary by the employer, as outlined in the Finance Act 2023. This shall be remitted by the employer not later than nine working days after the end of the month in which the payments are due.

The Cabinet Secretary, Ministry of Lands, Public Works, Housing and Urban Development has appointed the Kenya Revenue Authority (KRA) as the collection agent. KRA will issue a communication advising on the mode of collection.

**Please channel any inquiries to State Department for Housing
and Urban Development P. O. Box 30119-00100, Nairobi,
or by email to lpdu@housingandurban.go.ke**

Public Notice

Collection of Affordable Housing Levy by Kenya Revenue Authority

Kenya Revenue Authority (KRA) would like to inform members of the Public that the Cabinet Secretary, Ministry of Lands, Public Works, Housing and Urban Development through a **Public Notice dated 3rd August, 2023**, has appointed Kenya Revenue Authority as the collecting Agent of the Affordable Housing Levy (AHL).

With effect from **1st July, 2023**, all Employers are required to deduct the AHL from the employee's gross salary and remit together with the employer's contribution as follows:

- One point five per centum (1.5%) of the employee's gross monthly salary by the employee;
- One point five per centum (1.5%) of the employee's monthly gross salary by the employer.

KRA wishes to further clarify that all employers are required to declare the AHL under **sheet "M" of the PAYE return on Itax** and generate a payment slip under the tax head "agency revenue" and tax sub-head "Housing Levy" and make payments at KRA agent banks or mobile money.

Please note that the employer's contribution to the Affordable Housing Levy is an allowable deduction under Section 15 of the Income Tax Act.

An employer who fails to comply with the law shall be liable to payment of a penalty equivalent to two per cent of the unpaid funds for every month if the same remains unpaid.

KRA is committed to ensure employers are optimally supported and will continuously engage and collaborate with stakeholders to enhance compliance with the Affordable Housing Levy provisions.



For further information please call our Contact Centre on: Telephone No: 0204999999/0711099999, or Email: callcentre@kra.go.ke

Commissioner for Domestic Taxes

Thank you for paying taxes to build Kenya

www.kra.go.ke

Disclaimer: KRA neither guarantees that it will not accept responsibility for payments not received, credited and validated in the relevant KRA accounts. Corruption Reporting: +254 (0726) 904 600. Email: corruptionreporting@kra.go.ke. Short Messaging Services (SMS): Dial (*572*) or Text to 22572. Contact Centre: +254 (020) 4 000 800, +254 (0711) 009 800, Email: callcentre@kra.go.ke. Complaints & Information Centre Hotline: +254 709 017 700 / 800 Email: cic@kra.go.ke

  Kenya Revenue Authority

Tulipe Ushuru, Tujitegemeel

 KENYA
VISION
2030

EMPLOYMENT ACT



Introduction of Affordable Housing Levy



Employer to pay 1.5% of employee's gross monthly salary.



Employee to pay 1.5% of gross monthly salary



Should be remitted not later than 9 working days after the end of month in which payments are due

What's next?



**Prepare for
eTIMS
5 working
days/
24hrs/Real
time payments
to KRA**



**Train/Consult
on sector
specific
measures and
impact**



**Watch out for
effective
dates for
various
provisions**



**Watch out
for the
progress of
the court
decision on
the Finance
Act, 2023**

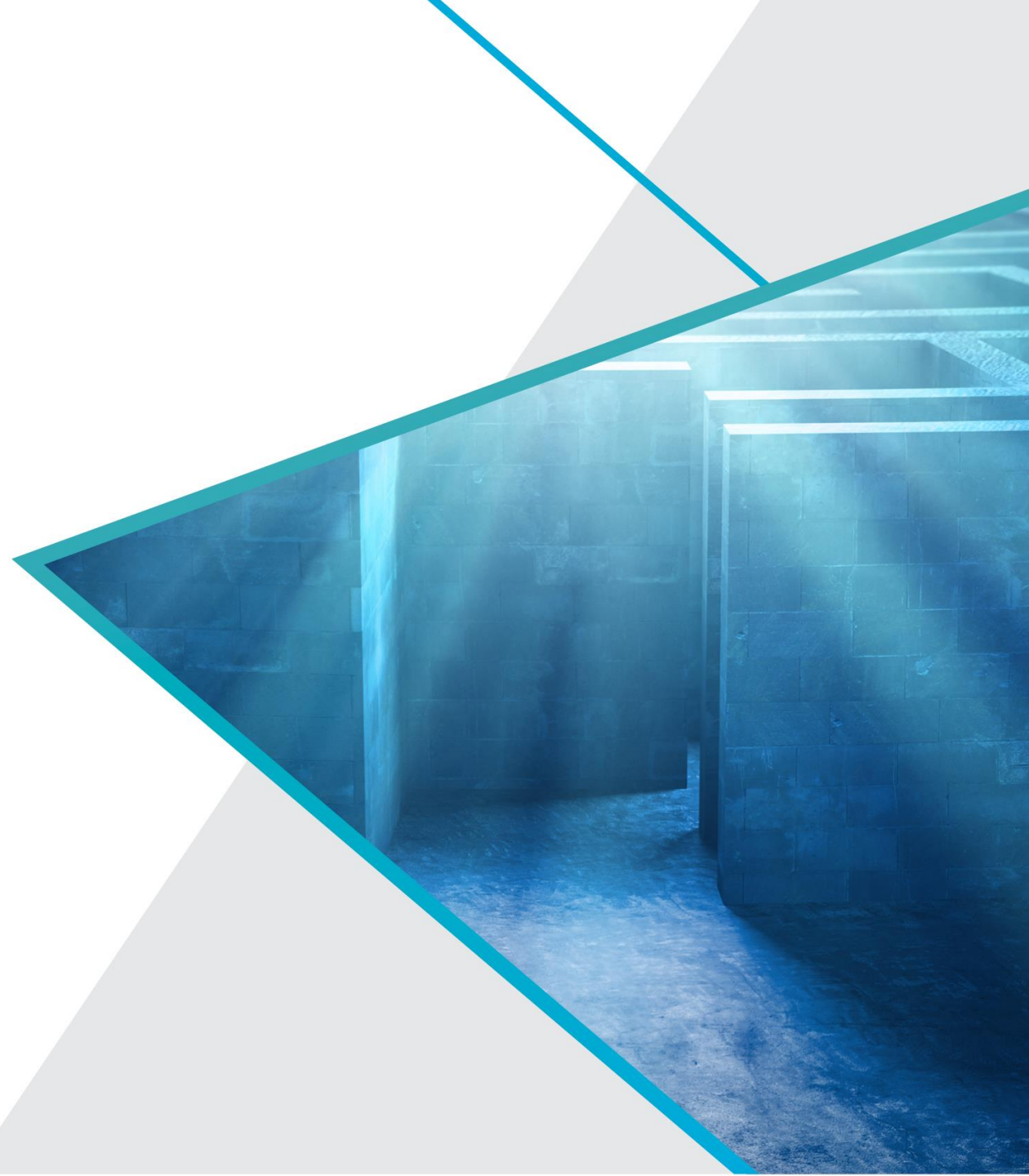
Speaker



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