

# Finance Bill, 2025

## Impact on the Financial and Investment Sectors

Kenya's Finance Bill, 2025 sets the stage for major changes in the financial and investment sector, balancing targeted incentives with new limitations.

Key proposals include preferential tax rates for startups and large investors operating through the Nairobi International Financial Centre (NIFC) and a withholding tax exemption on reinvested dividends. Further, the Bill also proposes a shift in the digital asset tax from the income tax regime to the excise duty regime. At the same time, the Bill proposes to cap the carry-forward of tax losses to 5 years (with a proposed 5 year extension on application). Finally, the Bill also proposes a stamp duty exemption for property transfers as part of internal restructurings. If enacted, these changes could shape investor behaviour and influence capital flows in the years ahead.

We unpack the details here:

+	Stamp duty exemption on the transfer of property to shareholders as part of internal restructurings if proportional to shareholding.		
+	Startups: 15% corporate tax for 3 years, then 20% for 4 years. Currently start-ups are subject to 30% tax.		NIFC
+	Large Investors: 15% for 10 years, then 20% for next 10 years if investing KES 3B+, hiring Kenyan management, or setting up HQs in Kenya. Such investors are currently subject to 30% tax.		NIFC
+	Withholding tax exemption on dividends for certified companies if they reinvest at least KES 250M in Kenya. Current tax rate is 15% <b>Condition:</b> Must reinvest at least KES 250M in Kenya.		NIFC
-	Removal of indefinite carry forward of losses to a limit of five years. (There is a proposal by a Parliamentary Committee to extend the period by another 5 years on a case-by-case basis upon application)		
≠	The Committee has proposed that Digital Asset Tax be removed from the Income Tax regime chargeable at 1.5% of the transaction amount to the Excise Duty regime chargeable at 10% of the excisable value. However, more clarity will be needed on its implementation.		

### KEY

- Positive proposal in the Bill
- Negative proposal in the Bill
- Gray area in the Bill

**NIFC** – Nairobi International Financial Centre

