

Kenya revenue authority introduces new policy for the OTT market

Kenya is working on a new policy by introducing tax to the Over the Top (OTT) non-resident organisations, including Netflix and Hulu, subscription-based services that charge users on a monthly basis.



Image source: Gallo/Getty.

Speaking at the online tax forum, Githinji Gathirwa, manager at the policy unit, “KRA will come up with guidelines to address taxation of non-resident organisations that make money from Kenyans online, like Netflix.”

“Kenya Revenue Authority has noted that some taxpayers engage in online business and they do not file returns or pay taxes on the transactions. KRA would like to advise that unless income or supply is expressly exempt in the law, appropriate taxes should be paid,” the tax authority stated.

It added that: “KRA would therefore like to remind the taxpayers that the self-assessment regime requires them to file and pay taxes which may include: VAT, Excise Duty, Withholding tax, PAYE, Corporate taxes and any other tax obligation required under the business.”

Timothy Munene, a representative of the Online Professional Workers Association of Kenya said: “The digital space is the future, as online entrepreneurs we can only grow if we are recognised as formal entities and the business environment is friendly for us.”

It is not the first time that Kenya's government has targeted OTT operators.

In 2016, authorities introduced the Film, Stage Plays and Publication Act 2016 to regulate content from the likes of Hulu and Netflix. However, the legislation has to date not been implemented.

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