

Kenya Finance Bill 2015: How are SMEs affected?

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Small and medium businesses should expect tax changes once the Finance Bill 2015 is signed into law. The bill formulates the proposals announced in the budget for the financial year 2015/2016...



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It proposes amendment to the Income Tax Act to include a yearlong tax break for business owners who will start an internship programme for graduates. "An employer who engages at least 10 university graduates as apprentices for a period of six to 12 months during any year of income shall be eligible for tax rebate in the year subsequent to the year of such engagement," the bill reads.

According to the bill, the Stamp Duty Act is amended to include the exemption of stamp duty on the transfers relating to real estate investment trusts (REIT). "The exemption for instruments shall only have effect in respect of instruments executed before December 31, 2022," the bill notes. A REIT instrument trades like a stock. REITs began trading at the Nairobi Securities Exchange in 2015

The bill also seeks to amend the Banking Act to have the minimum capital requirement increased to Ksh5 million for each bank. Banks are required to comply with the requirement before the end of December 2018. According to international credit rating agency - Fitch, the amendment in the Banking Act is good for the economy because it will create banks with a strong capital base.

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