

# Kenya: Licensing businesses now slicker, quicker, cheaper

A radical overhaul of the whole rigmarole involved in licensing of businesses in Kenya has spurred the country's economic growth.

By [Carole Kimutai](#) 10 May 2007

Nairobi – the Kenyan government has eliminated 110 business licenses and replaced the paper-based customs administration with an electronic data interface system. The completion of a review of business licenses and fees in Kenya has recorded a significant improvement in the business environment in the country in the last one year.

The reforms began in 2005 and by May 1 this year, the government of Kenya had already eliminated 110 licenses and simplified eight others.

It is also expected that the government will implement the recommendations of the Working Committee on Regulatory Reforms for Business Activity in Kenya in the 2007/2008 financial year where out of 1,325 licenses, 424 will have been eliminated and 607 simplified to achieve legitimate regulatory goals at a low cost to businesses. Just 294 licences will remain.

The time required to license a business has also been slashed: starting a business in Kenya now takes 22 days – down from 53 days. Obtaining approval of a company name will now take only one day instead of three, while the number of days for stamping incorporation documents has been reduced from 14 days to seven.

The number of days in dealing with licenses in Kenya has been reduced by 106 days from 179 to 73. This reduction in time is due to the marked improvement in the number of days it takes to obtain approval from the municipal authority.

Procedures for approval of a permit from municipal authorities have dropped from 80 days to 30 while the need to seek approval of project or architectural plans from the municipal authority has been eliminated, saving 25 days.

Another significant reduction is in the time taken for paying and obtaining installation for water and sewage what used to take 30 days now takes just two.

## Taxes

On the tax front, the number of hours spent in paying taxes in Kenya will be reduced by 196 hours – from 432 per year to 236. Improvements are attributed to the introduction of the Electronic Tax Register (ETR), upgrading of the Simba system and Kenya Revenue Authority (KRA) introducing e-filing, leading to increased efficiency in the collection of VAT

Corporations stand to benefit from the reduction of number of hours for paying corporate income tax; that took 60 hours but now takes 32.

Cross-border trading has been greatly eased as the government has replaced the paper-based customs administration with an electronic data interface system, so importers and exporters can now lodge their claims online.

At the port of Mombasa, the average clearance time has fallen from 17 days to between five and seven days – due to the Custom Reform and Modernisation Project implemented by the KRA.

The reforms promise to make the business of doing business with and within Kenya a great deal easier, quicker, and cheaper, leading to significant savings in both time and money for companies.

## ABOUT CAROLE KIMUTAI

Carole Kimutai is a writer and editor based in Nairobi, Kenya. She is currently an MA student in New Media at the University of Leicester, UK. Follow her on Twitter at [@CaroleKimutai](#).

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