



**REPUBLIC OF KENYA**

**THIRTEENTH PARLIAMENT**

**NATIONAL ASSEMBLY**

**THE HANSARD**

**VOL. III NO. 115**

## THE HANSARD

Tuesday, 3<sup>rd</sup> December 2024

The House met at 9.30 a.m.

*[The Temporary Speaker (Hon. (Dr) Rachael Nyamai) in the Chair]*

### PRAYERS

### QUORUM

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): I order that the Quorum Bell be rung for 10 minutes.

*(The Quorum Bell was rung)*

Hon. Members, I can confirm that we have quorum to start business. So let us proceed.

### PAPERS

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): The Majority Party Whip, Hon. Osoro.

**Hon. Silvanus Osoro** (South Mugirango, UDA): Thank you, Hon. Temporary Speaker. I beg to lay the following Papers on the Table:

Reports of the Auditor-General and Financial Statements for the year ended 30<sup>th</sup> June 2024 and the certificates therein in respect of:

- (a) EPC/Turnkey construction of five footbridges and T-Mall flyover on Mombasa and Langata Roads (Project Loan Credit No.KEN-01001 and KEN-02001-19) - Kenya National Highways Authority;
- (b) Infrastructure Finance and Public Private Partnerships Project – Additional Financing (IDA Credit No.6121-KE) – National Treasury;
- (c) Vijana Vuka na Afya Youth Programme (Grant No.201367465) –State Department for Youth Affairs;
- (d) Promotion of Youth Employment Through Scholarships Phase II (“Wings to Fly IV”) Project No.BMZ-No.2018 67 399 – State Department for Basic Education;
- (e) Kenya ETF Reporting Programme to the UNFCCC Project – State Department for Environment and Climate Change;
- (f) Combating Poaching and Illegal Wildlife Trafficking in Kenya through integrated approach (Credit No.00108406) – State Department for Wildlife;
- (g) Integrated Health and Environment Observatories and Legal and Institutional Strengthening for the sound management of chemicals in Africa (AFRICA CHEMOBS) – Grant No.AFR/CHEMOBS Project/C/07-2017 and -2017) – State Department for Environment and Climate Change;
- (h) East Africa Portland Cement PLC;

- (i) Financing Locally-Led Climate Action Program No.P173065; Credit No.IDA 6980-KE; Grant Agreement No.TF0B6810-KE – National Treasury;
- (j) Provident Fund - National Treasury;
- (k) Last Mile Connectivity Project I Loan No.2100150032195 - Kenya Power and Lighting Company PLC;
- (l) Kenya Off-Grid Solar Access Project for underserved counties (IDA CR.NO.6135-KE) – Rural Electrification and Renewable Energy Corporation;
- (m) Kenya Electricity Modernisation Project (IDA CR. NO.5587-KE) – Rural Electrification and Renewable Energy Corporation; and,
- (n) Council of Legal Education Staff Car Loan and Mortgage Scheme.

Thank you.

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): Thank you, the Majority Party Whip, Hon. Osoro.

We have a paper to be laid by the Chairperson, Departmental Committee on Finance and National Planning. I understand that the paper has not been approved by the Speaker. So, it will wait.

## MOTION

### CONSIDERATION OF REPORT OF THE COMMITTEE OF THE WHOLE HOUSE ON THE COOPERATIVES BILL

THAT, this House do agree with the Report of the Committee of the Whole House on its consideration of the Cooperatives Bill (National Assembly Bill No. 7 of 2024)

*(Moved by Hon. Kimani Ichung'wah on 2.12.2024)*

*(Resumption of consideration interrupted on 2.12.2024)*

*(Question put and agreed to)*

## BILL

### *Third Reading*

### THE COOPERATIVES BILL (National Assembly Bill No.7 of 2024)

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): I call upon the Mover to move the Third Reading.

**Hon. Marianne Kitany** (Aldai, UDA): Hon. Temporary Speaker. I beg to move that the Cooperatives Bill (National Assembly Bill No.7 of 2024) be now read a Third Time.

I request Hon. Gichimu Githinji to second.

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): Hon. Gichimu. Please, can someone trace Hon. Gichimu?

**Hon. Gichimu Githinji** (Gichugu, UDA): Hon. Temporary Speaker, I second.

*(Laughter)*

*(Question proposed)*

**Hon. Members:** Put the Question.

*(Question put and agreed to)*

*(The Bill was accordingly read  
a Third Time and passed)*

## **BILLS**

### *Second Readings*

THE CROPS (AMENDMENT) BILL  
(National Assembly Bill No.8 of 2023)

*(Moved by Hon. Kassim Tandaza on 29.11.2024)*

*(Debate concluded on 2.12.2024)*

*(Question put and agreed to)*

*(The Bill was read a Second Time and  
committed to Committee of the whole House)*

THE TAX PROCEDURES (AMENDMENT) (NO.2) BILL  
(National Assembly Bill No.46 of 2024)

**Hon. (Dr) James Nyikal** (Seme, ODM): On a point of order, Hon. Temporary Speaker.

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai: What is out of order, Hon. (Dr) Nyikal?

**Hon. (Dr) James Nyikal** (Seme, ODM): Hon. Temporary Speaker, this is an extremely important Bill and has come at the right time. Up to now, we do not have the Committee's Report on this. Tax laws are very complex and particularly, for those of us who do not understand tax matters. What helps us understand, is to go through the Committee reports. I have tried to get this Committee's Report but I have not. Without skipping the Order stated, I am also concerned whether the report for the Order as lined up is ready. These are Bills to do with tax and issues that we have had problems with before. I would have liked that these reports be made available to us. I am also concerned with the issue of quorum in the House. I am not raising an issue of quorum but if we go through this Bill quickly and go to the next Order, we would have passed crucial Bills with minimal participation from Members. I would like to get your guidance on this.

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): The Chairman is not in the House. I understand that the Report was tabled yesterday. I, therefore, order that the Report be circulated to the Members right away.

Leader of the Majority Party, please approach the Table. Hon. Osoro, please approach the Table.

*(Hon. Kimani Ichung'wah and  
Hon. Silvanus Osoro approached the Table)*

Hon. Members, as we wait for the Report to be circulated, I call upon Hon. Osoro to proceed.

**Hon. Silvanus Osoro** (South Mugirango, UDA): Thank you very much, Hon. Temporary Speaker.

In line with your directions and what Hon. Nyikal has raised, I wish to confirm that the Report was tabled last evening. Like you have ordered that it be circulated, that is quite in order, even though Hon. Nyikal had stepped out, when you ordered so. I also want to inform him that we are discussing the Bill and not the Report but we are well guided as far as the circulation is concerned.

I beg to move that The Tax Procedures (Amendment) Bill (No.2) Bill of 2024, (National Assembly Bill No.46 of 2024) be now read a Second Time.

The Bill was published on 1<sup>st</sup> November 2024 and was read for the First Time on 13<sup>th</sup> November 2024 and thereafter, committed to the Departmental Committee on Finance and National Planning for consideration and tabling in the House.

Hon. Temporary Speaker, I wish to give the general overview of what this Bill, the proposed amendments, contain. I will start with the clarity on the form, nature and the contents of the electronic tax invoice.

Looking at Clause 2 of the Bill, it seeks to amend Section 23A of the principal Act by inserting a new Subsection 2A to clarify the information required on electronic tax invoice. This also mandates that such invoices should contain the following information: The designation tax invoice, name, address, PIN of the supplier, and if available, the same details for the purchaser. That is what this Clause seeks to clarify.

It also requires the inclusion of the tax invoice serial number, issuance date and time, supply date and time, if different, description of the supply, including the quantity or types of services, and the details of any discount applied, consideration for the supply, tax rate charged, total amount, and any other information. In order to address the challenges that these small businesses or small-scale farmers face, this Bill seeks to insert a new Subsection 3A. I call upon Hon. Members to follow on this even before we get to the Committee of the whole House. We all come from areas that have many small-scale business owners.

It seeks to insert a new Section 3A, where a small business or a small-scale farmer will be the one to issue a tax invoice for the purpose of ascertaining tax liability. This will apply to those whose turnover does not exceed Ksh1 million. The emphasis here is the phrase, "does not". This proposed amendment seeks to provide clarity and also simplify the compliance for business.

Let us look at the extension of tax amnesty programme whose deadline is June 2025. Clause 3 of the Bill proposes to delete Section 37E of The Tax Procedures Act to extend the tax amnesty programme deadline from 30<sup>th</sup> June 2024 to 30<sup>th</sup> June 2025. This proposal will give taxpayers relief from the penalties and interests on unpaid taxes, which will also allow them to save money and re-invest in their businesses while increasing Government revenue.

Clause 4 of the Bill also introduces a new section, Section 35F to the Tax Procedures Act, which offers relief in cases where recovering unpaid taxes becomes uncertain or challenging. If the Commissioner deems it impractical to collect a tax, or if there are significant obstacles, costs, or unfairness in pursuing it, they can choose not to pursue the unpaid tax with approval from the Cabinet Secretary. The word here is, "If the Commissioner deems it impractical to collect a tax, and if there are very significant obstacles along the way, costs, or unfairness in pursuing it, they can choose not to pursue the unpaid tax with approval from the Cabinet Secretary". In such instances, the tax liability is considered resolved. This is very

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important for business people and for Hon. Members to understand. If necessary, the Cabinet Secretary can guide the commission on how to proceed or involve the court as provided in subsections 1, 2, and 3.

Consequently, under Subsection 4, the Commissioner will be required to publish in the Kenya Gazette, specifying the names of the taxpayers, relevant reasons for the tax abandonment, and the amount of taxes abandoned. That will be the requirement in the *Kenya Gazette*. This will ensure that such information is in the public limelight for scrutiny so that people do not abuse it.

Hon. Temporary Speaker, some people know the Cabinet Secretary. They will just manoeuvre their language, get to him or her and then fix themselves to be considered. The gazettelement of the list of the names brings it to the limelight for the public to know. You can download the gazette notice, which is a public document, and see the reason and names for the tax abandonment. The immediate question that arises is what safeguards are there to ensure that such a provision is not abused? That is what I have said.

In order to address these concerns, this House has woven into these provisions as captured now under Clause 4(37F)(5) of the Bill. That is what the National Assembly will do so that people, as I have said, do not abuse this programme on how they know the Cabinet Secretary and whom you know can connect you with him or her.

Indeed, it is not enough for the notice to be published in the gazette. It will be laid before the National Assembly. Just like other statutory instruments in our Statutory Instruments Act, it will have the opportunity to approve or annul the gazette notice. This is the gist of this proposal. The names will be published in the gazette notice. They will also be tabled in this House just like any other statutory instrument. If there is a question of abusing the powers by the Cabinet Secretary, powers that be or the Commissioner, then this House will correct that mess. So, this is an important safeguard. It retains the authority of this House on tax abandonment in ensuring that the provision is exercised with fair judgement and probity. There is nothing that is out of the law. This is in line with Article 95 of the Constitution on our oversight roles. We continue with our oversight responsibilities, in terms of making sure that people do not abuse their powers and mess around with what is supposed to be done.

Allow me to also point out that this provision will offer relief to Kenyans in situations where tax recovery is no longer feasible, particularly in cases of financial hardships and other dire instances. There are instances where people are really tied up, but you will still find pressure. People adhere to the law strictly. They do not consider one's dire need or situation at that particular moment. They decide to harass them and make sure that they pay with a lot of consequences. This is the school of thought of law that we believe is extremely strict. As much as it is good for Government to recover the money, it is not right sometimes. This will bring relief with justifiable reasons. We have laid down structures to make sure that the taxes will be collected. Even those who will get relief will have gone through all the channels— from the Commissioner to the Cabinet Secretary, gazettelement and then to this House to approve. It is not something that is very easy to get, so that people do not abuse it.

Hon. Temporary Speaker, let us also look at the expansion of the scope for withholding VAT. Clause 5 of the Bill proposes to amend Section 42A of the principal Act by deleting Sub-section 1 to subject zero-rated supplies and registered manufacturers, irrespective of their investment levels in the preceding three years from 1<sup>st</sup> July 2022, to withholding tax. Thereby, it deletes the current provision that exempts those who invested at least Ksh3 billion three years before 1<sup>st</sup> July 2022. Let us look at it this way. What does the current law provide on that? The current law provides that zero-rated supplies and registered manufacturers who invested at least Ksh3 billion three years before 1<sup>st</sup> July 2022 are exempted from withholding tax. The House might also take note that the provision is a clean up, since Sub-section 1 of Section 42A of the

Tax Procedures Act speaks to the debts that are no longer applicable. As the current law provides, those very debts are no longer applicable.

Let me also speak to the penalty for failure to deduct withholding VAT. What are the penalties? Clause 5 of the Bill further proposes to amend Sub-section 4C by introducing 10 per cent penalty on the amount of withholding VAT, if it is not deducted from a payment or if the deduction is not remitted to the KRA within five working days. The penalty here that seeks to be introduced is in Subsection 4C which is 10 per cent of the amount of withholding VAT. If the amount you ought to remit when you calculate the deduction is Ksh100,000 and then you are unable to remit it by design or someone has failed to deduct it deliberately, then you will have a penalty of 10 per cent of such an amount that needs to be remitted. This will be Ksh10,000 within five working days. So, you have a window here. You have deducted it. Remit it within these five days. If you do not remit it to KRA within five days, you will get this fine. At least, you have these five working days. If it happens over the weekend, then it is not a working day. You will have that holiday of extra two days which makes them seven days.

It is very important for this House to know that Clause 5(b) of the Bill seeks to change the penalty from a criminal one as it is to an administrative offence. The law criminalises it currently and it comes with retributive natures. Why would we seek to place punishments on issues that can be handled administratively? We can actually raise more funds from that instead of punishing you. Some people consider punishments which are not monetary or pecuniary in nature as the best. But this amendment then seeks to create or change the penalty from criminal and make it administrative. We should not criminalise the question of remittance of taxes. We should find a way. That is why the Tax Procedures (Amendment) (No.2) Bill manoeuvres a language to make sure that we meet at a common ground of understanding from both sides; the taxpayer and tax collector or taxman. Therefore, cases on failure to withhold tax or remit withheld tax will be resolved more quickly and directly by the tax authorities, making it easier to settle tax disputes. This also helps to cure the question of unnecessary bribery. If you know that you have not remitted the withholding VAT and it is criminal, most rogue business people who want to evade taxes find a way to bribe the investigative agencies so that they are not investigated. The Government loses and the percentage of this amount or this amount ends up in people's pockets. We have provided a provision where you have five days to remit the taxes and five days to deduct it which makes it easier. You will pay 10 per cent within this period of time, if you do not remit the tax, deduct it and you do not remit it or fail to deduct it.

Let us look at the refund period of the overpaid taxes. Clause 6 of the Bill proposes to amend Section 47 of the Tax Procedures Act to give taxpayers the option to apply to KRA to offset overpaid taxes against outstanding tax debts and future tax liability or to request a refund of the overpaid amount. For example, for income tax, taxpayers can make this application within five years from the date the tax was paid. For other types of taxes, the application must be made within six months from the date of over-payment.

For Income Tax, it is five years. For any other type of tax, it must be made within six months. The deal here for Income Tax refund is five years. Under the current provision, we need to compare.

Under the current Tax Procedures Act, taxpayers can apply for a refund of overpaid taxes, with an exception of VAT within a period of five years. Under Sub-section b(i), the proposed amendment seeks to change this by limiting the five-year period for refunds to Income Tax only. For other types of taxes, it is six months.

In Sub-section b(ii), the amendment introduces a new short limit of six months to apply for a refund for all the other types of taxes so that somebody does not hold your money for such a long period of time. The Government will now not be holding your money for all that period of time. You now have to make an application within six months, except for the Income

Tax. At present, the six-month limit for refund application only applies for VAT. Now that will change under the new proposals of the Tax Procedures Bill.

On the integration of the electronic tax system with the data-managing reporting system, Clause 7 of the Bill seeks to amend Section 59A of the principal Act by inserting a new subsection that seeks to authorise KRA to require businesses and financial institutions to integrate electronic data management and reporting system with the electronic tax system for the submission of electronic documents and transaction data as provided for under subsection (1A). It also proposes that businesses required to connect to the electronic tax system will have a set period to do so up to a maximum of one year. We all know we are moving digital and that is what the world is doing.

Subsections (1B) and (1C) seek to give one a period to synchronise their systems electronically, at least, one year depending on their business type. They will have one year to integrate such systems and this requirement will only apply to businesses with an annual turnover of more than Ksh5 million. That is the best thing about this whole thing. It is particular on the people whose turnover in business is more than Ksh5 million.

Sub-sections 5 and 6 provide that the failure to comply with the integration mandate will be considered an offence with penalties of up to Ksh500,000 per month or a part of a month of continued non-compliance. Additionally, financial institutions that fail to submit electronic documents through the required systems will face similar penalties. The purpose of these penalties is to enhance tax compliance and ensure accuracy and timely submission of data with significant financial penalties for non-compliance.

First, the gist of the matter is that you have one year to integrate. Secondly, your business must be one whose turnover is Ksh5 million and above. There is no such provision or such proposal for all the rest. This is really a positive thing as it also cures time in terms of remittance and even returns on due date for submission and payment.

Clause 8 of the Bill seeks to amend Section 77 of the Tax Procedures Act to provide that in computing the period for lodging of an objection or appeals, the computation shall not include weekends and public holidays. This proposal will give taxpayers more practical timelines to lodge their objections or appeals. What is it seeking to do? It seeks to amend the penalty for late submission and failure to submit returns by an Export Processing Zone (EPZ) enterprises from Ksh2,000 per day to Ksh20,000 per month. That would be the penalty.

The positive in this whole thing for business people is that the computation will not be including weekends and public holidays as currently is. That is a positive and very good thing, so that you have such timeline to lodge your complaints within very practical timelines.

Clause 9 seeks to amend Section 83 of the Tax Procedures Act to change the penalty structure for EPZs that fail to submit their required returns under Income Tax Act. That is straightforward. When Hon. Members will be retiring to ventilate and look at this Bill, they will be able to understand. Currently, these enterprises face a penalty of Ksh2,000 for each day they fail to submit their returns. The proposed amendment would instead impose a penalty of Ksh20,000 per month or part of the month of failure if the failure continues.

Currently, it is Ksh2,000 per day. Because there could be challenges for late submission and payment, instead of penalising, punishing and even making things harder for one, we now have a month. If it is within a month, one can then remit Ksh20,000. As it is, that makes it very expensive for now, and this amendment will now ease the burden by the taxpayer.

What are the requirements of a KRA PIN for registration of employees working remotely outside Kenya for Kenyan employees? This is the final part as we come to the conclusion of this Bill. Clause 10 of the Bill seeks to amend the First Schedule of the Tax Procedures Act to provide that registration of an employee who works remotely outside Kenya for an employer based in Kenya must include the requirement for the employee to have a KRA PIN.



Consequently, such employees, even though they work outside Kenya, will need to obtain a KRA PIN for tax purposes related to their employment within a Kenyan employer. This requirement ensures that these employees are registered with the KRA and are compliant with tax regulations regardless of their physical location outside the country.

We all know what a PIN does. One cannot even transact on their own private transaction, including buying a car, buying land or anything that one may want to purchase without a KRA PIN when they come to this country. In as much as one is in another country and are working remotely, just have that KRA PIN. Whenever you want to transact in anything, including having a bank account or anything that you want to engage in, it will be very easy for you. That is what Clause 10 seeks to do.

In conclusion, the whole essence of our Tax Procedures (Amendment) Bill is to harmonise and consolidate the procedure rules for the administration of our tax laws. This is what this Bill seeks to achieve. However, there is more. It clarifies processes and procedural rules and goes further to extend tax amnesty.

It also clarifies the tax abandonment because as it is right now, it is not really very clear. Not only does it clarify, it also clears the ambiguous nature so that it is not abused by the Commissioner, Cabinet Secretary and this House. That clarity will be very important in terms of tax administration.

The clarity of computation for business people through this integrated system that is proposed in this Bill under Clause 7 will help in the computation of the period for the lodgment of an objection of appeal.

It is for these reasons and several others that Hon. Members will be going through, that I urge this House to support this Bill. It is the best and eases the way of doing business. It also decriminalises the question of remittance of deductions so that we have a period to remit the deductions. It is actually a win-win situation for the taxpayer and KRA because it is an obligation for all Kenyans to remit taxes. This is the only way we can develop our country. We cannot demand for services without paying taxes. On one hand, you demand development, where you want free primary education, an integrated bursary system, roads, completion of stalled projects, electricity, health services, and more, and on the other hand, you resist paying taxes, saying you are being punished. It is a sign of patriotism to pay taxes, and this Bill makes it very easy. It creates a synergy between the taxpayer and the tax administration done by the Kenya Revenue Authority (KRA).

With those many remarks, I beg to move and call upon the Leader of the Majority Party in the National Assembly, the one and only KI, to second. Thank you very much.

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): Thank you very much, Hon. Osoro. Leader of Majority Party.

**Hon. Kimani Ichung'wah** (Kikuyu, UDA): Thank you, Hon. Temporary Speaker. KI is Kimani Ichung'wah. I hear Members asking who is that.

Hon. Temporary Speaker, I rise to second. Just before I begin, let me clarify that we are debating the Tax Procedures (Amendment) (No.2 Bill) of 2024, not the Committee's Report, because I heard my good friend, Hon. Nyikal, raise the issue of the Report. It is also important to mention that these Reports, together with the Business Laws Report, were tabled last evening around 5.00 O'clock. I am certain Hon. Nyikal was not in the House at that time. He may not have known, but I am thankful that they were guided that those reports were tabled.

It is also important to remind the Members that this Bill was published some time back and has been in the House for the last month and a week, having been published on 1<sup>st</sup> November 2024. So, we had all the latitude to interact with the Bill, and the Committee has only enriched it based on what they considered following public participation, and the reports are there. Indeed, Hon. Nyikal and the Members, if you have had the chance to go through the

Report, you will see that the public was very much in support of this Bill, as it addresses challenges or issues raised by the members of the public.

These Bills were not just published by the National Treasury or the Leader of the Majority Party. They came from a programme where the National Treasury began by calling for views from the members of the public on the tax regime in Kenya on how they want to be taxed, how they want to be treated by the KRA and other agencies that collect taxes, levies, and fees from them. Therefore, in coming up with this Bill, the National Treasury followed a very consultative process. You remember when the Cabinet Secretary, Hon. John Mbadi, was appointed, he committed to Kenyans that he will work very hard to change the manner in which the National Treasury interacts with Kenyans. I think at the end of August or the beginning of September, the National Treasury called for views from Kenyans. Many Kenyans submitted their views, and those views are reflected in these three Bills.

These Bills were not published out of the blue. They are based on the views of the public. Even before we, as the National Assembly, engaged with the public through public participation as required by the Constitution, the National Treasury had already gone to the people, gathered their views, and collated them into three Bills, namely, The Tax Procedures (Amendment) Bill, The Tax Laws (Amendment) Bill, and The Business Laws (Amendment) Bill of 2024. The reports for these Bills were tabled yesterday. Following extensive public participation across at least six counties, and finally in Nairobi at the Kenyatta International Convention Centre (KICC) by the Departmental Committee on Finance and National Planning, the reports were tabled yesterday, and Members are now at liberty to interact with them.

Hon. Temporary Speaker, when I speak about these Bills being for the people, I remind you of earlier this year, in June, when we lost several provisions in the Finance Bill. Top among those provisions were progressive proposals that would have helped Kenyans settle their tax liabilities. The Mover of the Bill has gone into great detail addressing some of these issues, from the tax invoice and its requirements, to E-TIMS, and even exempting small-scale farmers and traders from the E-TIMS system. These are the kinds of provisions that will benefit the Kenyan people. Unlike before, where every small-scale farmer or trader was required to be on the E-TIMS system, the new Bill introduces a threshold of Ksh1 million, as the Mover has mentioned, and I do not need to repeat that.

Hon. Temporary Speaker, more importantly for me is the issue of tax amnesty. You will remember that we had a tax amnesty expiring on the 30<sup>th</sup> June this year. Many Kenyans, due to liquidity challenges in the country, with the Exchequer not always being available to the ministries, State departments, or county governments, are owed money by the Government and its agencies. I say millions of our people - from small-scale traders to large contractors. These people have invoiced the Government, including for Value Added Tax (VAT), and are required by the 20<sup>th</sup> of the following month to settle their VAT liabilities. When they fail to do so, they are penalised, and interest is levied on the unpaid amounts, including VAT.

Some of these businesses end their financial years in June, others in April, and some in September, and they are required to pay the Income Tax. However, they have no money because their bills remain unsettled. Some are on the Pending Bills Committee, led by the former Auditor-General Ouko. While some have been cleared, others are still awaiting payment. Despite this, the KRA continues to accrue tax interest and penalties on these businesses.

It is these people we must think about as we pass this Bill. This Bill offers them an additional period, from 30<sup>th</sup> June 2024 to 30<sup>th</sup> June 2025, to settle their principal tax arrears or liabilities without incurring further penalties or interest, provided Government agencies, both national and county governments, settle their outstanding bills.

Hon. Temporary Speaker, you may imagine the penalty is perhaps 10 percent or the interest maybe 2 percent per month, but there are contractors I know in this country who owe

KRA hundreds of millions in penalties and interest. Therefore, with this tax amnesty, they will have those penalties and interest waived, allowing them to settle the principal tax they owe.

When you engage taxpayers - and that is the new spirit with the KRA and the National Treasury - they settle their tax obligations. When you offer a taxpayer the opportunity to waive their penalty and interest in exchange for paying the principal tax, it encourages them to pay. This creates a win-win situation. The taxpayer saves money, and the KRA can enter into payment agreements, allowing taxpayers to pay the principal over a period of, say, six months, while clearing their tax liabilities. With that, the Government also benefits. Let it not be seen as an amendment for the benefit of the business people only. The Government benefits as well. Through the agreement with taxpayers to waive penalties and interest, the Government collects the tax liability earlier than it would have.

In most cases, business people end up going either to court or tax tribunals and get into protracted battles with the KRA over the settlement of penalties and tax arrears. We encourage them to pay their principal on time so that the Government can collect more revenue, therefore, offering more and better services to the people of Kenya. Business owners can have part of their penalties and interest waived. This way, they end up with more liquidity in their businesses which grow and create more employment. Eventually, they end up paying more taxes since they have a higher turnover than before.

Of course, there are other procedural issues that the Mover has alluded to. I do not want to repeat all of them especially on people who withhold tax and fail to remit it. The Mover has alluded to a penalty of 10 per cent to people who deliberately fail to remit taxes, within the specified times in the statute. This has been a big problem, where people withhold taxes be it VAT or the Withholding Tax. They know the timelines, but choose to trade with Government money. Even the Holy Bible tells us to give to Caesar what belongs to Caesar and give to God what belongs to God. Since the business people go to church on Sunday and give to God what belongs to him, it is only fair that they do not withhold taxes that belong to the taxman, but remit within the specified period of time. A person who fails to submit will incur a penalty for late submission.

The Mover has also mentioned transactions that require a Personal Identification Number (PIN). There are situations where people buy cars or transfer land without a PIN. If I can buy a car, it means I have an income and for tax purposes a PIN should be a major prerequisite. You cannot pay insurance premiums if you do not have a source of income. This Bill will ensure that every Kenyan who earns an income whether in or outside Kenya pays taxes. This way, we will encourage a tax position where everyone who earns an income pays their fair tax burden. So, we can share our tax burden fairly and not overload some people as the case has been in the past.

I believe with the enactment of this very short and progressive Bill, which has about ten clauses, it will help not just the KRA, but more importantly, our business people and taxpayers. That is why it speaks to tax procedures. I know there are those who want the world to believe that we are debating taxation probably when we are not very many in the House. Even, in the United States (US) Congress and the United Kingdom (UK) Parliament, some issues are not discussed by a full plenary. This is done by Members like Hon. Nyikal who are keen on legislating and are usually in the House. I was telling him that not very many Members are keen on complex issues to do with finance and economics.

Bills are not just debated in plenary, but committees usually consider them. For example, the Departmental Committee on Finance and National Planning has considered this Bill. The Departmental Committee on Trade, Industry and Cooperatives has also considered the Business Laws (Amendment) Bill. Hon. Marianne is here and she can attest to Members in this House that they immensely interacted with this Bill. The fact that at the rise of the House we have about 80 out of 349 Members, does not mean they have not interacted with these Bills.

Hon. Nyikal knows because I interacted with him at the Members Lounge as we had tea. Members carry out more detailed debates on Bills outside this chamber than inside. This is a fact. I was in a very animated engagement just before I came in with Members at the lounge. Many who had misconstrued what is contained in this Bill got to understand from that engagement. I was impressed that Members have taken their time and keen interest. I urge the Members who are here to support this Bill. It is not very detailed and has only 10 clauses. So, I have nothing much to add.

Without anticipating debate, next is the Business Laws (Amendment) Bill which is also very critical and crucial to us. This Bill is also speaking on how to help businesses grow, encourage investors in this country and create a conducive business environment.

Thank you, Hon. Temporary Speaker. I second and urge Members to support this B

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): Thank you, Leader of the Majority Party.

*(Question proposed)*

Hon. Rindikiri Mugambi, Member for Buuri. Hon. Sabina Chege, I will give you a chance after him.

**Hon. Mugambi Rindikiri** (Buuri, UDA): Thank you, Hon. Temporary Speaker. I rise to support this Bill. The payment of tax is everybody's obligation. In this country, we finance our activities through taxes. So, it is important to ensure that we have an effective and efficient system of tax collection and administration.

As the Mover has articulated, a tax invoice is required for legal and compliance standards, where tax reporting matters are concerned. Clause 2 of the Bill is clarifying this. I once received an electronic tax invoice, but it did not contain a reference or the office it emanated from. I went to the KRA for three days and could not trace the origin of the invoice. This Bill is addressing the requirement of an electronic tax invoice with the content clarified like the details of the payer, its origin, information of the transaction and electronic signatures. This Bill is important because it will make it easier for taxpayers to understand what they are paying and for what period.

Hon. Temporary Speaker, Clause 2 addresses the issue of amnesty. Why do we need tax amnesty? We know that at times there are natural calamities that can cause one not to pay tax. There is even what we call transition of business from one to the other, and also relocations. In many cases, you find that the taxpayer does not meet the tax obligations in good time. For this reason, it is very important that the tax procedure addresses the inconveniences that are caused in terms of payment of their taxes. We have seen many people who are not able to pay tax because of sickness or even injury and amnesty is very important. Therefore, I agree that an extension of this amnesty is very valid, important and we need to support.

There is the element of tax relief. You find that in many cases, there is conflict, doubt or even difficulties in the tax recovery. One complication that I have come across is the issue of disability of the taxpayer, death, where you find somebody who has been running a business or even an employed passes on and he has left tax liabilities. He or she is not able to pay that and the next of kin are not able to pay that tax. Because of that, there is need to have a tax relief framework that will enable such cases to be looked at and to enable either total forgiveness on paying of tax, or tax relief is granted according to a legal framework. The 10 percent penalty of failure to limit tax is very important to me.

Hon. Temporary Speaker, this Bill addresses the cost-effective collection of taxes. In many cases, you find that we are not able to be everywhere. This Bill aims to synchronize all the electronic documents into one system together with the i-Tax for the purpose of summation of electronic documents. Everybody is going online.

I went to South Africa and bought a few items and when I reached at the airport, I went to launch a tax refund and they were asking too many questions. I think in Kenya, we need to have that kind of arrangement. This is what this Bill is addressing because strictly speaking, what everybody is looking at is how we can collect tax with ease. How Kenyans will understand the methods and requirement of any tax they are paying. So, this Bill is really coming in handy.

There are some situations where we need to address the issue of the period that is required for computation of tax liabilities. I have seen Saturdays, Sundays and public holidays. However, I will ask the Mover to also look at a situation where somebody is disposed of because of sickness or injury and cannot engage in meaningful activities or do certain things. That person can prove that he was not able to do his activities. This time needs to be included there, not only the Saturdays and Sundays. Why? I was given a tax liability for something that I did not cause. I ran a company and instead of putting the payment on the company's account, they put it in my account using my PIN. They did not use the company's PIN. I did not know until when I went for tax compliance, and I was told that I owed the KRA Ksh880,000 in terms of penalties and delayed payments.

This Bill is addressing that. I was a self-employed person and it took a lot of time for me to convince these people that I did not do it intentionally. With those few remarks, this Bill is coming at the right time because tax payment is very crucial in our economy. We do not need to make things difficult. We need to simplify for everybody to understand and we need public education on the way taxes are paid in this country. It is only the educated like Hon. (Dr) Makali who understand this. We need to get this information to the village and once people discover that paying tax is easy, they will understand how to pay tax and the importance of tax.

With those few remarks, I support.

**The Temporary Speaker** (Hon. Rachael Nyamai): Thank you very much, Hon. Rindikiri. Hon. Andrew Okuome, Member for Karachuonyo.

**Hon. Adipo Okuome** (Karachuonyo, ODM): Thank you, Hon. Temporary Speaker for giving me the opportunity. I support the Bill. From the beginning, our citizens have had a many problems with payment of tax and I think much of it probably was because of the procedure that was adopted for the payment of tax. This Bill is trying to address this issue and that is why I support it. I know of cases where the taxpayers have been offended. He is running a small business, maybe a restaurant and a tax person comes, sits inside the restaurant, trying to see how many people are coming in, eating and probably eating what. Then that intruder, as I would call him, comes up with what he believes is the income the person has got and uses that for taxing the person according to the report he sends to the tax authority.

This procedure will avoid that. The system we must have and which is being reflected here is a system which is understandable by both sides; the tax collector's side and also the taxpayer's side. It should not be a system that's not reflecting human face in terms of operation. I believe this Bill is going to get us out of that past. I know and everybody agrees that we must pay taxes in order for the Government to have revenue that it can use for running the nation. I tend to believe that while we are doing this, we should also look at the capacity of the taxpayer. That is why I was talking about the human face in the collection of taxes. When someone does not have money to pay revenue immediately, the tax authority should give him time to pay and even stagger payments through instalments. This will leave the taxpayer with the capacity to continue with their business and pay taxes in the future. If we descend upon the taxpayer with the heaviness of authority, we may be killing the goose that lays eggs. I support this Bill and the procedure in it is useful. People should know what they are to pay and by what time. Including all these in the Act, as we are trying to do, is useful. I support the Bill.

Thank you.

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): Thank you very much. Hon. Sabina Chege, Nominated Member and the Whip of the Jubilee Party.

**Hon. Sabina Chege** (Nominated, JP): Thank you, Hon. Temporary Speaker. Yes, I am the Whip of the Jubilee Party, in case someone did not know, and just to let you know that the Temporary Speaker is also a member of the Jubilee Party. We are also the third largest party in this House.

I rise to support the Bill. I will highlight a few things. I commend the National Treasury for reaching out to the public in order to find out what they really want in the payment of taxes. If Kenyans are committed to remitting taxes on time, we might not even add more taxes. We can survive on what we have. This Bill also addresses the shortcuts people look for. There are clear guidelines on what to do and by what time. Amnesty, penalties and timelines have been addressed. This is very important. People in business who want to seek amnesty, tax holiday, or are indisposed can write to the Commissioner. I support the Member who said that somebody can fall sick and not be in a position to remit their taxes. There should be a provision for such a case.

Taxes are not liked. In the Bible, tax collectors were not loved. But it is also in the Bible that we are told to give Caesar what belongs to Caesar and God what belongs to God. Once we have clarity on how to pay taxes, we will collect more and not harass people. At the same time, I pray that whatever is collected from the people goes to proper use.

Clause 5 of the Bill seeks to amend Section 42 of the principal Act. It says that a person who is required to withhold tax but without reasonable cause fails to withhold the whole amount of the tax or fails to remit the withheld tax to the Commissioner by the fifth working day after the deduction is made shall be liable to a penalty of 10 per cent of the amount not withheld or not remitted. Some tax collectors harass people by telling them that if they give something, the tax collector can give them something back. Individuals will know what to expect when there is clarity in the percentage. One is expected to pay by the fifth working day after the deduction is made. It is important that the people meant to remit tax do so.

Clause 6 is on the issue of refund of overpaid tax. The Clause seeks to amend section 47 of the Act by providing that a refund of overpaid income tax will be done within five years, while a refund of any other overpaid tax will be done within six months.

The other issue is reducing human contact by using technology. Sometimes, there is a lot of human contact not only in tax collection but even in the collection of parking fees. There were days when you would park your car in town, and the parking attendant would hide so that you look for them. Because you are hurrying to a certain office, they would clamp your car so that you can cough something out. Therefore, the removal of human interaction through technology is commendable. With technology, there are loopholes. We hope the technology will be secure so that tax money collected will not disappear. Technology has its challenges as well.

The last thing I want to comment on is very important to taxpayers. It is about a transaction for which a PIN is required and why every Kenyan, especially those of age, need a PIN. It is important for people to know that to register a title or stamp instrument, you require a PIN. If approval of development plans is required for anybody who wants to build or pay a water deposit, it requires a PIN. You can imagine how many Kenyans pay for water. Kenyans need to know that the First Schedule provides clarity on transactions for which a PIN will be required. Registration, licensing, and transfer of motor vehicles, as well as registration of business names and companies, require a PIN.

Last week, we debated the issue of start-ups and encouraged young people to come up with start-ups. We even discussed how the youth can be assisted. Young people need to know they require a PIN to register a business name or company, underwrite insurance, acquire a trading license, import goods, customs clearing and forwarding, and pay deposits for power connections.

A PIN is very important in all contracts to supply goods and services to Government ministries and public bodies. This House provided that 30 per cent of Government contracts be set aside for young people and women. Opening accounts with financial institutions require a PIN, whether a bank or an investment institution. Registration and renewal of membership to professional bodies and licensing agencies require a PIN. If you want to register as an engineer or a nurse, you are required to have a PIN.

Item 13 is interesting. It is about registration of mobile cellular Paybill and Till Numbers by telecommunication operators, carrying out business over the internet or electronic network, and registration of a trust. Lack of knowledge is what makes people suffer, so it is important that we provide this knowledge. I commend the National Treasury for doing that. Once we become clear and educate the public on the taxes, timelines and what is required of them, they will have no issue.

I support the Bill. I commend the Committee, the National Treasury and this House for the commitment. There is a lot of politics going on. Yesterday, we dealt with the Coffee Bill. These are the most important things our people have sent us to come and do in this House. I recommend that my colleagues here this morning do what we were called to do for the nation.

I thank you for the opportunity. I support.

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): Thank you very much, Hon. Sabina Chege. Hon. (Dr) Makali Mulu, Member for Kitui Central.

**Hon. (Dr) Makali Mulu** (Kitui Central, WDM): Thank you very much, Hon. Temporary Speaker, for this opportunity. I join my colleagues in appreciating the work that has gone into the preparation of this Bill, all the way from the National Treasury to our own Departmental Committee on Finance and National Planning. This Bill entails making tax payment procedures simple, clear, and ensuring that there is no ambiguity. Therefore, any attempts towards improving the way taxes are processed in this country should be supported. On that note, I support the Bill because once we get that right, it will be very easy for this country to collect more taxes. I have said many times that a taxpayer is like a milk cow. If you feed it well, it will give you a lot of milk. You will not get any milk from it if you do not feed it. How you treat a taxpayer will determine how much taxes they will pay. If you make it very simple for them to know how much they are expected to pay, the penalty for late payment, and the refund procedure in case of over-payment, it will be very easy for them to continue paying taxes without complaining.

I will talk about three critical items in the Bill that need to be supported so that we can collect more taxes; the first one is the issue of over-payment and refunds. That is an important matter which should be dealt with in good time. In a situation where the National Treasury delays the refund, would the taxpayer be demanding too much if they asked for interest to be paid on it? It is the same way that the National Treasury would impose a penalty when a taxpayer delays payment. That would smoothen the process.

The other important matter is that some refund delays result from lack of resources to refund the taxpayer. Can we think about establishing a tax refund fund in the long run? This is so that when someone is due for a refund, we do not start looking for money at that time. That would be critical.

The other important matter is delays in payment. We seriously need to think about what to do with the VAT, for example. Many Kenyans delay payment because those who benefit from the goods and services have not paid them. For example, the Government has pending bills to the tune of Ksh600 billion. How do you expect somebody to pay VAT when they have not been paid? We need to ensure that we are aligned so that we pay bills and collect taxes on time.

Amnesty is very important in any tax regime. However, amnesty cannot be perpetual. So, even as we discuss amnesty, we need to have a fixed date for people to clear their arrears.

Otherwise, if we leave it open, we will collect less taxes because people will never pay taxes in good time. Taxes and tax proposals are time-bound. For example, we usually project to collect a certain amount each year. If that process is not time-bound, we will collect taxes after the period has lapsed, and we will not make accurate projections on the expected amount of taxes to be collected.

The other issue is withholding tax. Anytime you do some consultancy work for a specific company or organisation, they will deduct some money from you. However, some companies and organisations do not remit that money to the KRA. One or two years later, you will get a tax demand claiming that the money was not remitted, so you have to pay. I support the 10 per cent penalty so that, if you are authorised to collect withholding tax, you should remit it to the National Treasury in good time so that the KRA does not harass the person you deducted it from.

Lastly, there is the issue of the PIN. We want to introduce the idea of a PIN for Kenyans who work remotely for Kenyan companies. It is a good proposal, but we need a bit of clarity. The Departmental Committee on Finance and National Planning should provide more clarity on that matter because we could easily punish foreigners who would also want to work for Kenyan companies. That matter should be made clear so that if I am a foreigner and want to work remotely for a Kenyan company, I will know the tax demands. I think it is a learning curve. We should continue to revise any complicated tax procedure on a daily or annual basis to simplify the whole taxation process for Kenyans. We need clarity and simplicity so that, at the end of the day, people will know how much to pay, and our economy will grow.

With those many remarks, Hon. Temporary Speaker, I support.

**The Temporary Speaker** (Hon. (Dr) Rachael Nyamai): Thank you very much, Hon. Makali Mulu. Hon. Benjamin Lang'at, Member for Anaimoi, also speaking for the Committee.

**Hon. Benjamin Lang'at** (Ainamoi, UDA): Thank you, Hon. Temporary Speaker, for giving me this opportunity to discuss the Tax Procedures (Amendment) Bill. Previously, every tax law had its procedure in terms of what to pay, how to pay and what documents to file. Over time, it was agreed that we need to harmonise all the tax procedures to come under one law: the Tax Procedures Act.

The Tax Procedures (Amendment) (No.2) Bill (National Assembly Bill No.46 of 2024) seeks to simplify and clarify several tax processes further. It provides for what ETR invoices contain for standardisation. I am just summarising what the Bill offers before I go into details. The Bill provides an extension of Tax Amnesty, considering what happened when we gave Kenyans tax amnesty. The Kenya Revenue Authority was able to collect Ksh43 billion in taxes, which was impossible before the Tax Amnesty.

The Bill sets a ten per cent penalty for VAT for withholding agencies. If you are an agent collecting taxes on behalf of the Government and delay or fail to pay, you deserve to pay more. That is not your money; you are collecting taxes and not remitting them to KRA.

I want to inform the House that according to Article 118(1)(b) of our Constitution, read together with our Standing Orders 127(3)(a), Parliament must facilitate public participation for all the Bills that it is considering. I want to inform the House that we did extensive public participation as a Committee. We engaged six counties outside Nairobi. In Western, I led a team of Members, and we went to Bungoma, Siaya and Kericho.

I want to give a summary of what the public said. In all the places we went, they welcomed the tax Amnesty extension. Shortly, I will present what we have discussed as a Committee and what we intend to do at the relevant stage, the Third Reading.

We also did a town hall meeting for organised groups like the Kenya Association of Manufacturers (KAM), Institute of Certified Public Accountants of Kenya (ICPAK), Law Society of Kenya (LSK), different audit firms, different tax consultancy companies, companies and other sectors. We then proceeded to address matters raised by individual organisations.



During our public participation sessions, some Kenyans suggested that this was an exercise in futility, insinuating that we had already made a decision. However, I want to assure them that their views were indeed captured, including those collected at KICC. We went to Western, Isiolo, and Taita Taveta.

Having said that, let me go through the main provisions of the Bill, clause by clause, for the information of the House.

Clause 2 of the Bill seeks to amend the Tax Procedures Act to prescribe information to be contained in a tax invoice. The procedures outlined must be clear, and Kenyans should do this within the law. This Clause provides the details required for an electronic tax invoice.

Clause 3 proposes an amendment to Section 37E of the Tax Procedures Act, extending the tax amnesty period from 30<sup>th</sup> June 2024 to 30<sup>th</sup> June 2025. All the stakeholders welcomed this move. Based on previous experiences from the recent tax amnesty period, the KRA collected slightly over Ksh40 billion. But what is a tax amnesty? It is a provision that waives interest and penalties for individuals who owe taxes, allowing them to pay only the principal amount owed to KRA. Members have debated this here, but this is the final call for those who have not yet paid. Extending the tax amnesty period further would set a precedent, leading others to delay tax payments in anticipation of future extensions. As a Committee, we have agreed that this will be the last year we waive interest and penalties. Therefore, please ensure that you pay your principal taxes.

Clause 4 proposes the insertion of a new Section 37F to provide relief for doubt and difficulty in tax recovery—tax abandonment. Sometimes, it is not possible to collect some taxes if the taxpayer has died or relocated to an area without a local agent. We need to establish a clear procedure for when taxes should be abandoned. However, this should be done within some parameters to prevent abuse.

Clause 5 of the Bill seeks to amend Section 42A of the principal Act by deleting the existing proviso and inserting a new sub-section. This new provision prescribes a penalty of 10 per cent for persons who withhold taxes but fail to remit. If you are a tax agent appointed by KRA and you are withholding funds that belong to your customers, it is imperative that you remit these funds. Some have argued that this penalty is high; however, it should be even higher, as you are using funds that do not belong to you. As someone mentioned here, give Caesar what belongs to Caesar.

*[The Temporary Speaker (Hon. (Dr) Rachael Nyamai) left the Chair]*

*[The Deputy Speaker (Hon. Gladys Boss) took the Chair]*

Hon. Deputy Speaker, Clause 6 of the Bill proposes to amend Section 47 of the principal Act to provide timelines for the application of offset or refund of overpaid tax. For the first time, this Bill has allowed taxpayers who have overpaid taxes to claim against the outstanding taxes or future liabilities. Previously, if you overpaid income tax but had a refund on Value Added Tax (VAT), the procedure was that you had first to pay your income tax as you waited for your refund. However, with this amendment, if I have a VAT refund but have overpaid income tax, we can net it off because it is difficult for the Government to refund that amount. For the first time, there is a provision that if one tax is overpaid and there is a refund in the other, we net it off. You can claim Income Tax for up to five years. For all other taxes, the Bill proposes claiming up to six months. However, as a Committee, we have agreed to extend the six months to 12 months to give taxpayers enough time to lodge the claims for overpaid taxes.

**Hon. Deputy Speaker:** Give him more time to finish his contribution.

**Hon. Benjamin Lang'at (Ainamoi, UDA):** Hon. Deputy Speaker, Clause 7 of the Bill seeks to amend Section 59A of the principal Act to provide for the integration of the electronic

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tax system with iTax. This Clause faced a lot of contestation from the public. If the KRA integrates with your system, there will be concerns about the data protection of private information. For example, some concerns were from operators of hospitals who sought clarity on the safety of the patient's information once KRA connects to their system. Can the KRA access this information? Some manufacturers raised concerns about the safety of manufacturing information if the system is connected to the KRA. However, we will provide a win-win situation between the concerns of the public and the requirements of KRA by limiting the integration to only financial information because that is its only interest.

Clause 9 of the Bill proposes amending Section 83 of the principal Act to provide a penalty of Ksh20,000 per month for Export Processing Zone (EPZ) enterprises that fail to submit the required tax. Those who operate EPZ enjoy several tax reliefs and are supposed to file returns to KRA. Failure to do so will attract a penalty of Ksh20,000 per month. But in our view, this amount is even less.

On behalf of the Departmental Committee on Finance and National Planning, I thank the office of the Speaker for facilitating our sittings and travel to various counties in this Republic. As I said earlier, we travelled to six counties. We divided ourselves into two groups and toured Western, Coast and Eastern Kenya. I also thank my Members because we worked until 1.00 a.m. last night. That is why the Chairman is absent because he had to sign some reports by 6.00 a.m. today. I thank the Members for their hard work and cooperation. We had a quorum all the time to process the reports within the shortest time possible.

Hon. Deputy Speaker, I support the Bill and request the Members to support it. We shall bring the necessary amendments to the Committee of the whole House to capture the views from public participation. Thank you very much.

**Hon. Deputy Speaker:** Thank you.

Member for Seme, Hon. (Dr) James Nyikal.

**Hon. (Dr) James Nyikal** (Seme, ODM): Thank you, Hon. Deputy Speaker, for giving me this opportunity to support this Bill. To me, the summary of this Bill is that we make the procedures easy and flexible, so that we can collect more taxes from more people, instead of increasing tax on individuals. With that principle, I support this. It brings out this very well in Clause 2, which gives all the details so that whatever you want to follow up later is available to you.

We were burdening small business people with issuing a tax invoice, but we have now put it to the purchaser. We are making things easy so that more people pay and we do not have to push individuals.

I like Clause 3 because if there is an amnesty, it is on interests so that, at least, the principal is still paid. In Clause 4, tax relief is given where it is found that there is doubt on the tax. More often even in court if there is doubt, it goes to the accused. Therefore, in this case, let this doubt and difficulty benefit the tax payer. For that we have to put a framework in place for that. That is what this Bill is doing.

Clause 5 is on withholding tax. People can withhold tax in cases where they have taken tax from you but they are not paying it. Later on, you get taxed and actually somebody had taken your tax and did not pay it. In Clause 6, if you have overpaid and you also owe tax, why not just offset it? Why pay and then claim, yet you will never get it? That is really important.

In Clause 7 when the system is integrated, it makes it easy to do things. With that, we have made things easier where more people pay tax instead pushing a few people to pay higher taxes.

I raised the issue of reports because of what the previous Hon. Member said. Let us get into the habit of getting reports earlier. This is because reports and Committee members give insight in some technical areas which people cannot follow. It is not that we are discussing the

report, but it also gives us a view of what the Committee and the public think, and it helps us in the debate.

I also raised the issue of numbers. Hon. Deputy Speaker, next time when we are debating a very important topic like this, let us limit the number of Committees that are sitting. I am now rushing to go and attend a Committee meeting yet there is a very important task going on. Those are the two issues I was raising, otherwise, I support this.

**Hon. Deputy Speaker:** The Member for Dagoretti North Constituency, Hon. Beatrice Elachi.

**Hon. Beatrice Elachi** (Dagoretti North, ODM): Thank you, Hon. Deputy Speaker. I also give thanks to the Committee, and to the Chairman of the Departmental Committee on Finance and National Planning. As I said when we were discussing the President's State of the Nation Address, the country is becoming calm. We are now able to focus and move ahead. I hope that the citizens have seen that in the last few weeks, in this Parliament, we have tried to bring what they have been asking for.

One of the things I appreciate in the Tax Procedures (Amendment) Bill is that it now simplifies and clarifies several tax processes. It also informs citizens on how they can even do their electronic invoices. It outlines for them to avoid any confusion.

The Bill also eradicates corruption. One of the issues we have had with tax is that Kenyans are feeling the harsh times and they feel we have really pushed them hard. Let me give an example and I hope the President will look at the cities and talk to the governors of the cities. In Nairobi, for example, we have someone who wakes up every morning to manage the washrooms that you see across Nairobi. When I was Speaker of the Nairobi City County Assembly, one washroom in Nairobi, especially in the CBD where there is a high flow of people makes not less than Ksh100,000 every day. This person does not pay tax — you cannot tax him or her. The least they can walk away with is Ksh50,000. A shoe shiner in Nairobi, who shines your shoes every morning, may not be the actual owner of the business, because there is the shoe shiner and the owner of the tent. The owner of the tent is similar to a matatu owner. The same money a matatu driver hands over to their boss in the evening is the same money the shoe shiner takes to the owner and then goes home with something, but it is not taxed.

Therefore, as we bring in these Bills to ensure that the salaried and those who pay taxes in this country have a cushion, it is important for those running these businesses to remember that there is a person who walks around to clean the area. He or she may be paid by the county government, but you, as the business owner, do not pay anything. Maybe you pay the county and assume that you are paying tax. No. This Bill will address such issues.

There is one thing we need to address, and I hope it will be looked into. In the National Government-Constituencies Development Fund (NG-CDF), when committee members come for meetings, you are supposed to provide them with a transport or accommodation allowance, especially if they are coming from the farthest end, and so they might be forced to sleep in town where NG-CDF office is located. We must talk to the KRA to ensure that this is not treated as an allowance to be taxed. This is not a person who works somewhere with a salary. Therefore, it is not a sitting allowance. This is simply someone who has come for a meeting and needs transport to go back. We must remove the tax from that because they will still pay VAT. I remember during the late President Mwai Kibaki's time when he said that it is very difficult to integrate all Kenyans into the tax system. The best you can do is impose VAT so that everyone pays taxes. Let us think about that, even in this House.

We appreciate, and I am telling Kenyans that you have a clear amnesty. Please walk into a tax office and deal with it. The challenges we face, and the reason for much non-compliance, are often due to taxpayer illiteracy, and we must deal with it. There must be a way for KRA to raise awareness. Public participation should not only be carried out by our Finance and National Planning Committee or all the Committees of Bunge. There should be public

participation done by KRA to create awareness. We are introducing new laws, and KRA must go out there to explain to Kenyans how they can comply with these laws. If we do this, we will achieve better compliance. But now, as a salaried person who is also experiencing these challenges, I know that three good Bills are coming to help resolve some of these issues. So, for me, as a Kenyan, let us embrace the spirit of doing what is right; just pay your tax and do not evade it. This is why we find ourselves in too many disputes.

The KRA should also understand that it is the Kenyan taxpayer who provides the revenue. How you handle that person is very critical. Sometimes, when you meet KRA officers in the market, they can be burnt in the market for nothing because they approach people as if they are thieves. They forget that those are Kenyans in the market every day, and that is where they collect their revenue. However, when you come and seize their goods or do all manner of things, as I have seen at 4:00 a.m. in markets like Ukulima and Kawangware, where women and other traders are running around trying to avoid KRA officers, it becomes a serious issue. When you ask what the real problem is, they say KRA officials are here to collect taxes yet Nairobi City Council officers have also collected tax. They do not understand why the double taxation. These are some of the issues this Bill will solve for the women who are the majority traders in markets.

Finally, I have realised that Government officials are not firm when communicating what the Government is doing. They should put up simple posters so that market traders can read and understand what is required of them. It can be written in English or Kiswahili. I know we will hold a *Kamukunji* to discuss issues. All that is required is information sharing and proper communication. I want to tell those in Government that we always conduct public participation on a Bill. Sometimes, I wonder where KRA officials are because we are in tough economic times.

I want to thank the Departmental Committee on Finance and National Planning for touring the country to explain to the people the different amendments in the Bill so they can understand it. Tax is meant for development and not corruption. It is not meant to go into people's pockets but to offer better services to Kenyans.

Thank you, Hon. Deputy Speaker. I support.

**Hon. Deputy Speaker:** Thank you. Member for North Imenti, Hon. Rahim Dawood.

**Hon. Rahim Dawood** (North Imenti, Independent): Thank you, Hon. Deputy Speaker. From the outset, I support the Tax Procedures (Amendment) Bill. I want to clarify that this is not additional taxes but tax procedures.

I want to draw the attention of the Vice-Chairman of the Departmental Committee on Finance and National Planning to Clause 2A(e) which states:

“(e) the date and time which the tax invoice was issued and the date and time which the supply was made, if it is different from the date the tax invoice was issued.”

I have an issue with Clause 2A(e), (f), (g) and (h). This will be very difficult to implement in the sense that the Electronic Tax Registers (ETRs) which the business people have cannot be reconfigured. Although what is proposed here is good, it may be impossible to implement. It is not possible to reconfigure all ETRs unless KRA buys new ones for all the business people. This will be very expensive. These proposed amendments are unnecessary and time-consuming. There is need to change them and I have already spoken to the Vice-Chairman, Hon. (Amb) Benjamin.

Clause 3A states:

“(3A) Without prejudice to subsection (3), where supply is received from a small business or a small-scale farmer, whose turnover does not exceed one million the purchaser shall issue a tax invoice for the purpose of ascertaining tax liability.”

This is impossible. There is no provision if I buy something from a retailer in town of less than Ksh1,000 on the ETR. So, they have to buy new ETRs with all these features. This cannot be done because the cost implication on the taxpayers will be a lot. I suggest that the Committee should change this amendment. Hon. Deputy Speaker, Clause 3 seeks to amend Section 37E by providing tax amnesty up until 31<sup>st</sup> December 2022. This is a noble thing, but it was set two years back. My suggestion to the Committee is to extend the date to 31<sup>st</sup> December 2023 instead, effectively adding an extra year. I propose similar changes to Clause 37E (3) to also reflect the 2023 dates.

Clause 4 states that it may be impossible to recover certain taxes as it costs more sometimes to collect them than to write them off. For instance, if a business has failed and there is no chance of recovering the taxes, collection becomes very difficult. We introduced the *In duplum* rule in the banking industry, where the interest amount should not exceed the principal. I wish we could do the same in this Bill by either introducing a new clause or deleting one of the clauses here. We should have an *In duplum* rule for all the principal taxes payable.

The good thing about Clause 4 is that Section 37(4) provides for the Cabinet Secretary to gazette all the waivers every four months. We need to be cautious in this country because a waiver was granted to an investor in either 2015 or 2017, and just a few days ago, I read in the *Business Daily* that this investor is now being asked to pay off their debt.

Clause 5 provides for a 10 per cent penalty on interest related to withholding tax. I agree with this provision. However, the Committee should clarify whether the 10 per cent penalty is applied monthly or until the tax is paid. Moreover, while the provision for overpaid taxes is beneficial, we need to understand how it will be time-bound.

With those few remarks, I thank you, Hon. Deputy Speaker. I will be proposing amendments to this Bill.

**Hon. Deputy Speaker:** The Member for Kangundo, Hon. Fabian Muli. Let us be brief because we have to rise at 12.00 p.m. Proceed Member for Kangundo.

**Hon. Fabian Muli** (Kangundo, GDDP): Thank you, very much, Hon. Deputy Speaker, for giving me the opportunity to add my voice to this Bill.

Taxation dates back 5,000 years to the time of Julius Caesar. This is not a new concept as it has existed for centuries within different jurisdictions. From the outset, I support the Committee's work but with amendments.

While you have advised us to be brief, I will do my best to keep my remarks concise. First, I do not understand why the Act is titled the Tax Procedures Act when it only talks about sales. I propose that it be renamed the Sales Tax Procedures Bill.

Section 23A outlines the details for purchases. The tax invoice requirements should apply specifically to higher-value transactions. It serves well for invoices exceeding Ksh5 million as they should include comprehensive details about both the seller and the purchaser. Therefore, I support this provision. Section 37E intends to enable the Commissioner to attract many Kenyans to onboard issues of tax. This is because when you give more time, many people will be attracted to file their tax returns and pay their money on time.

I do not wish to take more time. However, I will focus on Section 37F, where I have some reservations because the taxman in this country will be assessing people's accounts for five years. Why should we give the taxman the mandate to assess somebody's account for five years? Within those five years, the Commissioner of regional tax is in office and there are staff working in that Department. Why do we assess people's accounts? Within the principles or rules of natural justice, it is unfair for the Commissioner to call people to submit their accounts for five years' assessment review on tax. On this, we need to reduce it to about three years. There are penalties also included there.

Time is not on my side but I am trying to be fast. I do not understand why the Commissioner needs to appoint somebody to withhold tax. Section 42A (1) states that the

Commissioner may appoint a person to withhold two per cent of the taxable value on purchasing taxable supplies at the time of paying for the supplies and remit the same directly to the Commissioner. Why do you hold money? Why do we not have one invoice to pay the supplier and another to pay to KRA direct? Why do we give some people the right to hold the money that is supposed to be paid direct to KRA? In my opinion, the taxman should think about this further and bring details so that the Commissioner and supplier are each paid directly to their respective accounts.

I will not fail to add my voice on issues of Income Tax, even if it is not captured in this Bill. This tax is the model for Augustus Caesar, which is too old and cannot save the economy of the country. This is because when you assess somebody's account for five years for Income Tax, it gives more burden to the accountants and allows brokers to do injustice to taxpayers. Whatever language you use, whether we increase or raise the tax, we need to embrace innovation so that we bring more income to the country.

Thank you very much, Hon. Deputy Speaker.

**Hon. Joseph Cherorot** (Kipkelion East, UDA): On a point of order, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Member for Kipkelion East, Hon. Cherorot.

**Hon. Joseph Cherorot** (Kipkelion East, UDA): Thank you, Hon. Deputy Speaker. I rise pursuant to Standing Order 35. Given the mood of the House, and additionally, the next Order is related to this one and we are supposed to adjourn at 12.00 p.m., I ask that the Mover be called upon to reply so that we proceed.

*(Question, that the mover be now called upon to reply, put and agreed to)*

**Hon. Deputy Speaker:** Mover, you may reply.

**Hon. Kimani Ichung'wah** (Kikuyu, UDA): Thank you, Hon. Deputy Speaker. I take this opportunity to thank all the Members who have contributed. Without anticipating debate, I believe that tomorrow, when we get to the Committee of the whole House, we will bear in mind some of the salient issues that Members have raised, especially around the question of tax invoices and the amendments proposed speaking to many of those issues by the Committee.

Hon. Deputy Speaker, with that, I beg to reply.

**Hon. Deputy Speaker:** Hon. Members, I will defer the putting of the question to later this afternoon.

*(Putting of the question deferred)*

Next Order.

Hon. Leader of the Majority Party, you may move your Bill.

THE BUSINESS LAWS (AMENDMENT) BILL  
(National Assembly Bill No.49 of 2024)

**Hon. Kimani Ichung'wah** (Kikuyu, UDA): Thank you, Hon. Deputy Speaker. I beg to move that the Business Laws (Amendment) Bill (National Assembly Bill No.49 of 2024) be now read a Second Time.

Allow me to, first, thank the Chairpersons and Members of the Departmental Committee on Trade, Industry and Cooperatives and the Departmental Committee on Finance and National Planning. When this Bill was published, the Speaker referred some of its provisions to two Committees. The Departmental Committee on Trade, Industry and

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Cooperatives considered all provisions that touch on the Kenya Accreditation Service Act, the Scrap Metal Act, the Special Economic Zones Act, the Kenya Industrial Research and Development Institute Act, and the National Electronic Single Window System Act. The Departmental Committee on Finance and National Planning considered all the other provisions. This is an omnibus Bill. It is called the Business Laws (Amendment) Bill because it seeks to amend a number of statutes.

Top among the statutes being amended is the Banking Act, the Central Bank of Kenya Act, the Microfinance Act, the Standards Act, the Kenya Accreditation Service Act, and the Scrap Metal Act. I have written to the Speaker on some amendments to the Scrap Metal Act, and I am sure he will make a communication withdrawing some amendments. It is principally on the basis that we legislated the Statute Law (Miscellaneous Amendments) Bill about two weeks ago. That Bill is already in the Senate. Amendments proposed in this Bill to the Scrap Metal Act are similar to what we already legislated.

To avoid duplication, I have written to the Speaker, withdrawing all those provisions. As Members contribute, it is good to note that I intend to withdraw provisions relating to the Scrap Metal Act. This Bill also has provisions on the Special Economic Zones Act and the Kenya Industrial Research and Development Institute Act.

I am trying to be quick. Bear with me. Members will note that on the Banking Act, Clause 2 of the Bill seeks to introduce dissuasive penalties against institutions and Credit Reference Bureaus (CRBs) that fail to comply with the provisions of the law and directions issued by the Central Bank, either through prudential guidelines or other statutes established in law. Clause 3 of the Bill prescribes a penalty not exceeding Ksh20 million for people who contravene the provisions of the Act and prudential guidelines of the Central Bank. It also bears in mind that there are times when people refuse deliberately to comply with the law because they will make a gain or a profit out of non-disclosure or non-compliance. We are, therefore, making it very punitive so that if you do not comply, you either pay a penalty of up to Ksh20 million or three times the gross amount of the monetary gain made or loss avoided, whichever is higher.

There is also penalty of Ksh3 million in the case of a corporate entity and Ksh1 million in the case of a natural person. This means the maximum penalty to pay is Ksh20 million or the higher of three times the gain or loss avoided. Non-compliance by financial institutions is usually because they want either to avoid making a loss or to make more money. If you make Ksh100 million profit or you refuse to comply so that you avoid making a loss of Ksh50 million, you will end up paying a penalty of three times the loss you avoided. That would be Ksh150 million, notwithstanding the maximum penalty of Ksh20 million, or Ksh300 million if the gain you made was Ksh100 million.

Clause 3 speaks to provisions to increase the minimum core capital for banks and mortgage finance companies. The provision is to move the core capital to, at least, Ksh10 billion. This amount might sound very huge, but it is in line with the Basel Committee on Banking Supervision (BCBS), the Financial Action Task Force (FATF), and the Basel III Framework on Capital Adequacy requirement. This will encourage banks to merge and form bigger banks with larger core capital, hence banks will assure Kenyans that they will never ever lose their deposits. Banks that are not well capitalised or cannot lend tend to collapse when there are small shocks in the economy or in the banking sector.

Between 2015 and 2018, at least, two or three banks collapsed in this country. Remember teachers tried to buy Spire Bank through Mwalimu National Sacco. Chase Bank and Imperial Bank also collapsed. To avoid that situation, you encourage banks that do not have adequate capital to merge and form bigger banks. That will create a competitive banking industry because banks that are well-capitalised can offer better credit facilities.

Hon. Samuel Atandi sits on the Departmental Committee on Finance and National Planning. He is a former banker. He will tell you that the National Bank, where he used to work, was on the verge of collapsing because of capital inadequacy, mismanagement, and outright theft of public resources. Encouraging banks to merge so as to have more capital will mean that they are more likely to survive the tides of the times than when they are less capitalised.

Those who have interacted with the Report will see that the Departmental Committee on Finance and National Planning has indicated that they will amend the provisions to give a timeline of, at least, seven years, so that the capital adequacy is not increased immediately thus becoming a shocker to the industry. They have proposed amendments to give banks seven years. During the first three years, banks should be able to increase their capital to, at least, Ksh5 billion. I was just looking at the statistics. Only six banks in the country are below the capital threshold of Ksh5 billion. It is only those banks that will be required to raise their capital threshold within the next three years; not immediately. It is important to note that because I had seen a lot of talk on social media that the Government wants to close banks or force them to merge. All we are saying is that those six banks that have a capital threshold of below Ksh5 billion have three years to transition and increase their core capital.

We have another 18 banks that have a capital threshold of between Ksh5 billion and Ksh9 billion. They also have three years to move towards a core capital of Ksh10 billion. Another 24 banks are on the verge of attaining a core capital of Ksh10 billion and above. Therefore, there are 24 banks that need to move up. We are giving them three years to get to a core capital threshold of Ksh5 billion, another two years to get to Ksh8 billion, and the last two years for everybody to get to a Ksh10 billion core capital threshold. They will have adequate time to mobilise resources. Some have already begun. I have seen a rights issue by the Housing Finance Bank, which was a mortgage finance company, but is now involved in retail business for banking.

I will quickly speak on other provisions. Clause 3 touches on the capital adequacy of the banks. Clause 4 seeks to amend various provisions of Section 2 of the Central Bank of Kenya (CBK) Act Cap.491 to allow to regulate all forms of non-deposit taking credit business. Part VIC of the current CBK Act...

**Hon. Deputy Speaker:** Leader of the Majority Party, I hope you are aware that we are rising at 12.00 p.m. That is in less than six minutes from now.

**Hon. Kimani Ichung'wah** (Kikuyu, UDA): Yes, Hon. Deputy Speaker. That is why I am trying to move quickly.

Part VIC of the current CBK Act regulates digital credit business. The definition of the term “digital credit business” creates the impression that the CBK only regulates those who lend money either on the internet, mobile phones, or computer devices. That interpretation of the Act does not cover all forms of credit, including the buy-now-pay-later scheme, or peer-to-peer lenders. Boda boda riders have been the biggest victims of the buy-now-pay-later scheme. You will find a prospective boda boda rider getting credit of Ksh120,000 to buy a boda boda. He then ends up paying back almost four or five times the cost of the boda boda. At the end of the day, the boda boda is repossessed by those credit lenders. Therefore, we want to bring those buy-now-pay-later lenders within the ambit of the CBK. However, even if you are on the higher purchase schemes, be it for boda boda or cooking gas... Our *mama mbogas* have also suffered immensely under these lenders. They buy cooking gas cylinders and cookers, and within two to three months after paying probably three to four times of what they borrowed, they are forced to take back what they own because these people are not regulated.

Other provisions touch on Credit Reference Bureaus (CRBs). I will not get into all that. In the interest of time, on the Microfinance Act, as I said that we have done some things in the Departmental Committee on Trade, Industry and Co-operatives, under the leadership of Hon.

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Gakuya. As I had indicated, we will be moving to drop some of the amendments relating to the Scrap Metal Act. However, there are provisions in the Kenya Industrial Research and Development Institute Act, 2022 that establishes the Kenya Industrial Research and Development Institute (KIRDI) that is responsible to undertake research, development and innovation in industrial and allied technologies. Clause 37 of the Bill seeks to provide that the institute may acquire or dispose patent rights which may be necessary for the institute to achieve its objectives.

There are also provisions on the National Electronic Single Window System Act in Clause 38 of the Bill that seek to amend the Act to give power to the Cabinet Secretary to exempt certain categories of users of the National Electronic Single Window System from payment of the prescribed fees. Exempting payment of fees removes the potential financial barrier for businesses, especially the Small and midsize enterprises (SMEs). I must thank the Committee because if you read its Report you will see that it is in support of these provisions. As I said, it creates the potential to remove the financial barriers that stop SMEs from growing in this country. Therefore, some will be exempted from these proscribed fees and that will lead to higher adoption rate of the system by industries and SMEs.

Let me not go beyond that, in the interest of time. I believe Members will have more time in the afternoon to debate the Bill. I request the Chair of the Finance, Trade and Industry Committee, Hon. Gakuya a.k.a Bazenga...

**Hon. Members:** Trade!

**Hon. Kimani Ichung'wah** (Kikuyu, UDA); Sorry. It is the Chair of the Departmental Committee on Trade, Industry and Cooperatives, Hon. Gakuya a.k.a Bazenga. I request him to second.

**Hon. Deputy Speaker:** Hon. Gakuya.

**Hon. James Gakuya** (Embakasi North, UDA): Thank you very much, Hon. Temporary Speaker. I beg to second the Business Laws (Amendment) Bill, 2024. It is an omnibus Bill that is sponsored by the Leader of the Majority Party, Hon. Kimani Ichung'wah pursuant to the provisions of Article 118 and Standing Order No.127 of the National Assembly. The Clerk, through an advertisement in the local daily newspapers on Thursday, November 14<sup>th</sup> 2014 invited the public and stakeholders to submit memorandums on the Bill that were to be received by Thursday, November 28<sup>th</sup> 2024 at 5.00 p.m. The Bill was committed to the relevant departmental committee to facilitate public participation.

The Bill contains amendments to various business-related circuits which fall under the purview of the mandate of the Departmental Committee on Trade, Industry and Cooperatives. The Committee received and reviewed many written memoranda that were submitted. It conducted public hearings from Monday, 25<sup>th</sup> November to Wednesday, 27<sup>th</sup> November 2024 at the Mini Chamber, County Hall. The Bill also attends to the following Acts of Parliament which are related to the Committee. The National Electronic Single Window System Act, Cap 2001 proposes to grant the Cabinet Secretary powers to exempt certain category of users of the National Electronic Single Window System from the payment of the fees prescribed.

Due to time limit, I beg to second.

*(Question proposed)*

**Hon. Deputy Speaker:** We are supposed to adjourn at 12.00 p.m. Hon. Marianne, you can start and if the time is up, you will continue in the afternoon.

**Hon. Marianne Kitany** (Aldai, UDA): Thank you, Hon. Deputy Speaker. I stand to support The Business Laws (Amendment) Bill (National Assembly Bill No.49 of 2024). The amendments that are being brought in the Standards Act are going to mostly assist the manufacturers and the consumers of manufactured products. One of the requirements that has

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been put in the Standards Act is that all manufacturers should ensure that the products that they put on the shelves have, for example, shelf life. That shelf life is clearly marked in the products that they are going to sell in the market.

There is also a requirement in the Standards Act which requires every manufacturer to ensure that they test samples of every batch of production, and keep them just in case there is a recall. This would help the manufacturer know which sample to refer to. That, in essence, is going to enable our consumers consume safe products. The issue of not batching samples and non-requirement of sample sizes being unkept, would make manufacturers not recall any products that are claimed to have not met the standards because they do not know which ones. We have seen recalls in countries where they manufacture vehicles like Volkswagen. They will note that a particular product has an issue and, therefore, needs to be recalled but when it comes to products that are manufactured in Kenya and recalls are required, it becomes difficult because the batching process and sampling had not been done in the first place. It is, indeed, a challenge. Therefore, these amendments are coming to ensure that sampling is done by manufacturers in the correct form.

**Hon. Deputy Speaker:** Hon. Kitany, wind up in a minute. You will have a balance of eight minutes in the Afternoon Sitting.

**Hon. Marianne Kitany** (Aldai, UDA): Thank you, Hon. Deputy Speaker.

The other issue that I would like to bring out is the establishment of laboratories. Every manufacturer will be required to have certified laboratories which will be used to test the products before they are released to the market. These laboratories will also have to be accredited by accreditation centers, which must be in Kenya under the Kenya National Accreditation Act (KENAS). Kenya Bureau of Standards (KEBS) will also be required to test products. Where they are unable to, they can subcontract testing services to labs that have already been accredited. We are also trying to ensure that our products and services have a testing facility to ensure that our products are tested before they are released to the market. We want the Kenyan consumer to get products that are of good quality, and which meet the standards that have already been set.

Most of the amendments proposed here are going to take care of the consumers who trust that the manufacturer has met the required standards of any product released into the market. There are also many products which are imported which do not meet the standards as they are supposed to.

**Hon. Deputy Speaker:** Hon. Kitany, you will have a balance of eight minutes in the afternoon. That is why I was asking you to wind up.

For the record, the Members who are due to speak in the afternoon are Hon. David Kiplagat, Member for Soy; Hon. Samuel Atandi; Hon. Dido Raso; Hon. David Mboni; and, the Member for Buuri in that order. Clerks-at-the-Table, have you noted that down? I have mentioned the top four Members who have been waiting to contribute. They will be the first ones to contribute in the afternoon. The Clerks-at-the-Table have noted that.

Hon. Members, as you are aware, Hon. Speaker issued a Communication yesterday, 2<sup>nd</sup> December 2024, regarding the Speaker's *Kamukunji* on the Implementation of the Universal Health Coverage in the Members' Restaurant today at 12.15 p.m. He directed an earlier adjournment of the House at 12.00 p.m. We are a few minutes late.

## ADJOURNMENT

**Hon. Deputy Speaker:** Hon. Members, the time being 12.06 p.m., this House stands adjourned until this afternoon at 2.30 p.m. Please, let us all proceed to attend the Speaker's *Kamukunji*.

The House rose at 12.06 p.m.

*Published by*  
Clerk of the National Assembly  
Parliament Buildings  
Nairobi