

FINANCE ACT 2025

AMENDMENTS TO THE MISCELLANEOUS FEES AND LEVIES ACT & STAMP DUTY ACT



The Finance Act, 2025 was assented to by the President on 26th June 2025 and is now in force. The Act introduces a wide array of tax measures through amendments to several key pieces of legislation, including the Income Tax Act (Cap. 470), Value Added Tax Act, 2013, Excise Duty Act, 2015, Tax Procedures Act, 2015, and the Miscellaneous Fees and Levies Act (Cap. 469C).

These changes are part of the Government's broader strategy to align Kenya's tax framework with current economic realities and evolving policy priorities. While most of the provisions take effect from 1st July 2025, a few notable measures are scheduled to come into operation on 1st January 2026.

This newsletter provides a breakdown of the key provisions of the Act and what they mean for you and your business.

Amendments to the Miscellaneous Fees and Levies Act

Establishment of a Fund

Section 7 has been amended by the Finance Act 2025 has been amended to reflect the following changes:

1.Establishment of a Fund:

- Previously, fees collected under Section 7(2) were not explicitly earmarked for a specific fund.
- Now, 20% of the Import Declaration Fee (IDF) collected under Section 7(2) is to be paid into a fund that will be established and managed in accordance with the Public Finance Management Act.

2.Allocation of the Fund:

- The fund created above is to be allocated as follows:
 - 10% shall be used to pay Kenya's contributions to the African Union and any other international bodies to which the country owes financial obligations.
 - 10% shall be dedicated to revenue enforcement initiatives, presumably to support Kenya Revenue Authority (KRA) operations or compliance drives.

Exemptions from Import Declaration Fee (IDF) and Railway Development Levy (RDL)

The Finance Act has introduced new exemptions by providing that Inputs, raw materials and machinery used in the manufacture of mosquito repellents, upon recommendation by the Cabinet Secretary responsible for matters relating to health, are exempt from IDF and RDL.

Duties on Steel

The new amendments have provided clarity on certain iron and steel products that shall continue to attract levies:

- Under HS Code 72.13, Bars and rods, hot-rolled, in irregularly wound coils, are subject to IDF at 3.5% and RDL at 2%.
- Under HS Code 72.14, Other bars and rods of iron or non-alloy steel, forged/hot-rolled etc, are still subject to standard levies.
- Under HS Code 72.24, alloy steel ingots and semi-finished products are still subject to standard levies.

Amendments to the Stamp Duty Act

Exemptions from Stamp Duty

Section 117 has been amended by the Finance Act 2025 to introduce an exemption for certain internal company re-organizations from stamp duty.

Specifically, no stamp duty will be payable on the transfer of property by a company to its shareholders if:

- 1.The property is transferred in proportion to each shareholder's existing shareholding in the company; and
- 2.Where the property being transferred consists of shares, those shares must be in a subsidiary of the transferring company.

This change is meant to facilitate internal restructuring of companies without imposing a stamp duty burden, especially where the restructuring does not result in a substantive change in ownership or control.

It aligns with common commercial needs such as:

- Spinning off subsidiaries
- Simplifying group structures
- Returning assets to shareholders in-kind

But the exemption is conditional, and companies must ensure:

- Shareholding ratios are respected in the transfer
- Transferred shares (if any) are in a subsidiary company

This amendment aims to ease corporate restructuring processes and reduce compliance costs for group entities.

Whether you're unsure how the new exemptions affect your tax planning, need help applying the new corporate rates, or want guidance on any of the amendments discussed hereabove, contact us. We're here to help you adapt smoothly and stay compliant.

CONNECT WITH US!



Phone

+254 790 723 263
+254 722 720 147
+254 758 860 047



Mail

info@uhy-ke.com
tax@uhy-ke.com
mmbuthia@uhy-ke.com



Address

Rainbow Towers, 6th Floor,
Muthithi Road Westlands
Nairobi.

Westlands Square Offices, 2nd
Floor, Ring Road Westlands
Nairobi.



Website

www.uhy.ke.com