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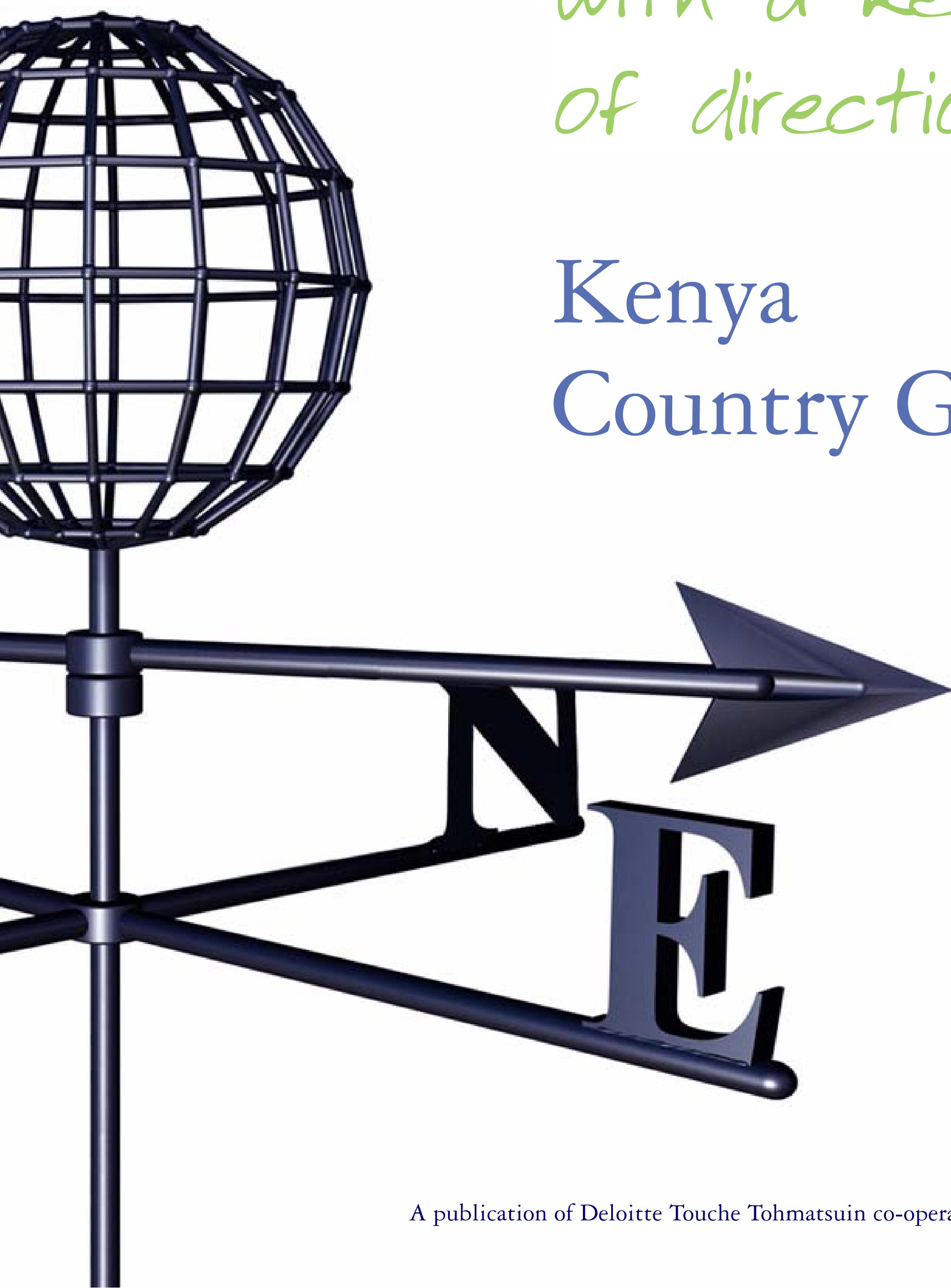

A publication of Deloitte Touche Tohmatsuin co-operation with the Economist Intelligence Unit

Kenya
Country Guide

In co-operation with the Economist Intelligence Unit, a leading provider of country, industry and management analysis, tax professionals of the member firms of Deloitte Touche Tohmatsu have created the Deloitte Country Guides, an online and print series designed to provide convenient, searchable information and insights on tax and business issues in key trading nations. Based on research by the Economist Intelligence Unit and Deloitte, and updated at regular intervals, the Guides contain extensive information on investment conditions, tax regimes and regulatory requirements, along with information for executives working abroad. The Guides are supplemented by the Snapshot series, an at-a-glance summary of basic information, including tax rates, for more than 75 countries. Each country is updated twice a year.

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Kenya Country Guide

1.0 The investment climate

This report was last updated in April 2005.

Political background

Kenya has a presidential system and the president is head of both state and government.

Emilio Mwai Kibaki and his National Rainbow Coalition (NARC) won a landslide victory in elections in 2002. Kenya's next presidential and legislative elections are scheduled to take place in December 2007.

1.1 Economic structure

The share of GDP generated by agriculture has declined steadily during the past four decades. However, the sector still dominates the economy, both in terms of its size and in terms of the number of people working in agriculture and related industries. Farming output is diverse, consisting of various food crops and cash crops as well as livestock, forestry and fishing. The most productive of Kenya's farmlands are situated in the fertile central and western regions; the rearing of livestock predominates in the semi-arid regions to the north and east.

The government sees industrialisation as the main development challenge. Since independence the share of manufacturing in GDP has remained relatively unchanged, at around 10%. Industrial activity is concentrated around the three largest urban centres, Nairobi, Mombasa and Kisumu. Manufacturing is dominated by food-processing industries such as grain milling, beer production and sugarcane crushing. Kenya also has an oil refinery supplying petroleum products, mainly to the domestic market.

The services sector is dominated by tourism, the second-largest export revenue earner after tea. Kenya's coastline and game parks provide the main attractions for tourists. However, periodic security concerns and the deteriorating transport infrastructure have led to a severe slump in the industry in the past few years.

Kenya has the largest economy in East Africa (although, per head, it is on a par with Uganda). However, owing to impressive recent economic growth in Uganda and the adoption of liberalising economic reforms in Tanzania, Kenya now has serious competition in the subregion. Kenya is also losing out on donor funding as a result of its poor record in tackling government corruption, whereas Tanzania and Uganda both receive substantial bilateral and multilateral donor funding. The combined GDP of these three East African Community countries is equal to only 19% of that of South Africa, the economic powerhouse of the continent, and only 1.8% of that of the UK, the former colonial power.

Comparative economic indicators, 2004

	Kenya	Uganda	Tanzania	South Africa
GDP (US$ bn)	13.8	2.7	9.7	213.2
GDP per head (US$)	429	288	261	4,600
Consumer price inflation (av; %)	11.7	3.6	4.1	4.3
Current-account balance (US$ bn)	-7.7	-3.3	-5.3	-5.5
Exports of goods fob (US$ bn)	2.7	6.3	13.3	47.2
Imports of goods fob (US$ bn)	4.5	13.2	22.6	56.1

Source: Economist Intelligence Unit.

1.2 Banking and financing

There are five dominant banks in the sector: Standard Chartered, Barclays, Kenya Commercial Bank, National Bank of Kenya and Co-operative Bank of Kenya. The total number of financial institutions has declined, and this is especially true of non-banks, which the Central Bank of Kenya (CBK) is encouraging either to elect to become banks or to merge.

The Banking Act and the Central Bank Act authorised the CBK to supervise banks, and it regulates reserve requirements, capital standards and criteria. Foreign and domestic banks are subject to the same regulations. The CBK lowered the minimum paid-up-capital requirement for banks in mid-2003 to KSh250m for a bank and KSh200m for a non-bank

financial institution (from KSh500m and KSh375m, respectively). Foreign banks with active branches in Kenya include Citibank (United States) and Stanbic Bank (South Africa). Foreign banks have a long history in Kenya, and the competition they provide has often spurred improvements in domestic banks.

There is an ongoing trend towards integration of East African Community (EAC) capital markets, in part because existing markets in Kenya, Tanzania and Uganda are too small individually to generate significant activity or interest. In addition, there is a dearth of long-term financing options in these countries, whether in the form of commercial loans or mortgages, and addressing this vacuum is expected to be one priority of EAC governments. The Capital Markets Authority oversees the capital markets. In August 2002 the Nairobi Stock Exchange (NSE), the Capital Markets Authority (CMA), the Association of Kenya Stockbrokers, the CMA Investor Compensation Fund and nine institutional investors invested KSh100m to form the Central Depository and Settlement Corporation (CDSC). The plan is for the CDSC to own and operate the capital markets' automated clearing, settlement, depository and registry system.

Companies looking to raise short-term capital have a variety of options; the large Kenyan commercial banks have correspondent agreements with US and European banks and offer short-term loans. Overdrafts, discounted trade bills and commercial paper are some of the short-term funding options available. Medium- and long-term funding denominated in Kenya shillings is not readily accessible from banks, though development-finance institutions are active in this sector. Mortgages and contractual savings also are not highly developed. Demand for equities in Kenya has been stifled by the high returns available on government Treasury bills. Few foreign firms choose to access local equity markets for funding. Turnover in the market for debt is low, and government bonds predominate. Since corporate bonds are linked to the 91-day Treasury-bill rate, the Kenyan government adopted a policy in 2003 that aims to trim that rate, expecting this to spur the issuance of corporate bonds.

Kenya has one bourse, the Nairobi Stock Exchange, which is the most active exchange in east Africa. At present, 47 companies are listed on the stock exchange.

1.3 Foreign trade

According to the Central Bank of Kenya (CBK), Kenya's main exports in fiscal 2003/04 were mineral fuels (26% of total exports), tea (18%), horticultural products (15%), raw materials (14%), manufactured goods (9%), coffee (3%) and unspecified goods (15%). The main exports for 2002/03 were tea (19% of total exports), horticultural products (13%), coffee (4%), and unspecified manufactured goods and textiles (63%). Kenya's main imports for 2003/04 were machinery and transport equipment (25%), oil (24%), chemicals (17%), manufactured goods (15%) and other items (19%); and the main imports for 2002/03 were machinery and transport equipment (24%), oil (23%), chemicals (15%), manufactured goods (13%) and other items (25%).

The most significant destination countries for Kenya's exports in 2003/04 were Uganda, the UK, Tanzania and the Netherlands, according to the Central Bureau of Statistics of Kenya. Uganda bought KSh30.7bn of Kenya's exports in 2003/04, down from KSh31.3bn the previous year; the UK bought KSh21.5bn, up from KSh19.6bn; Tanzania bought KSh14.6bn, up from KSh14.2bn; the Netherlands bought KSh14.1bn, up from KSh11bn. In 2003/04 the United Arab Emirates was the largest supplier of Kenyan imports, at KSh31.9bn, up from KSh29.1bn the previous year.

Trade within the East African Community (EAC) has assumed even more importance since the three governments (of Kenya, Tanzania and Uganda) established the East African Community Customs Union on January 1st 2005.

Kenya's advantages as an export base include a good deepwater port, reasonably good manufacturing infrastructure, and a welcoming regulatory and incentive environment for manufacturers. Kenya is also a signatory to a variety of international pacts and unions that exempt many goods from import duty.

2.0 Business regulations

2.1 Registration and licensing

Kenya is a member of the World Intellectual Property Organisation (WIPO), the African Regional Industrial Property Organisation and the World Trade Organisation (WTO). The country is also a signatory to other international intellectual property protocols. Membership in the WTO required Kenya to assimilate the Trade-related Aspects of Intellectual Property (TRIPs) protocol. Kenya complied with the protocol by passing the Intellectual Property Bill in 2001, which increased patent rights to 20 years. Another intention of TRIPs compliance was to enable Kenyans to gain access to cheap AIDS medications through parallel importing and compulsory licensing, both of which are authorised by TRIPs.

Licensing of trademarks occurs primarily for pharmaceuticals and household products. Licensing can be advantageous over outright entry into the local market, since it allows overseas firms to harness domestic marketing experience, and it minimises costs. Nevertheless, an investor is strongly advised to hire a local lawyer to complete the licence agreement, which should specifically address penalties for infringement, and which should be brought to the attention of the Kenya Intellectual Property Institute. Royalties are due to the company holding the trademark, and these are taxed at 20% of

gross for non-residents; residents pay 5%. The Trademarks Registry, which dates to 1913, is now being computerised with assistance from WIPO. It is hoped the move will considerably expedite the processing of trademarks.

Although a foreign licenser and Kenyan licensee may agree directly to a licence deal, or user agreement, prior to or concurrently with negotiations, the licenser must register the trademark with the Kenya Industrial Property Institute (KIPI). This allows the licensee to take action to defend the mark as if it were his or her own. KIPI claims that it does not vet licensing agreements of trademarks, but licensing contracts involving patents or industrial designs must be cleared by KIPI. KIPI seeks to ensure both procedural and substantive compliance with legislation in patent-licence applications. Know-how also can be licensed. Royalties and fees can be freely remitted in any currency, as long as so stipulated in the licensing agreement. Licences may not outlast the registration of the patent or trademark to which they pertain. There are no other restrictions.

2.2 Price controls

Part IV (Section 35) of the Restrictive Trade Practices, Monopolies and Price Controls Act reserves to the minister of finance the right to set maximum prices in certain instances. Officially, however, price controls were dismantled in 1994.

The president signed off on the Central Bank Amendment Act of 2000 (Donde Bill) in August 2001, though it took retroactive effect from January 1st 2001. One of its aims was to regulate interest rates charged by banks and other financial institutions, limiting these to not more than 4 percentage points over the 91-day Treasury bill rate for loans and 70% of Treasury bill rates for deposits. The lag between the law's statutory and actual commencement made it retrospective and prompted some banks to reimburse depositors what was in effect an overcharge. The Kenya Bankers Association (KBA) opposed the law, on grounds that it would deter donor agencies and potential investors, although another obvious consequence is a reduction in the profits of banks. The court ruled in favour of the KBA; nevertheless, some big banks, notably Barclays, have vowed to maintain base lending rates within a few points of Treasury bill rates.

Before Parliament's December 2004 recess, it passed the Central Bank of Kenya Amendment Act 2004. There is now a Monetary Policy Committee (as recommended in the now defunct Donde Bill 2000), and its primary focus will be to formulate monetary policy and advise the central bank governor accordingly. The Monetary Policy Committee can also set the interest rates of commercial banks with the knowledge that the inflation rate will remain at targeted levels.

2.3 Monopolies and restraint of trade

Exercising a monopoly or near-market dominance is not intrinsically illegal. The law provides that, upon examination, if an enterprise exerts excessive control in a particular sector and this factor leads to increased production costs for the good in question, increased retail prices for the good in question, decreased competition in the sector in question, or diminished quality of a good or service, then it is harmful to the consumer and the general public, and it should be addressed by the Monopolies and Price Commission.

2.4 Intellectual property

Kenyan law recognises seven classes of intellectual property: trademarks and service marks; patents; utility models; industrial designs; rationalisation models; copyrights; and plant breeders rights.

Kenya has legislation to safeguard patents (Industrial Property Bill of 2001), copyrights (Copyright Bill of 2001), trademarks (Trade Marks Act, Cap 506, last amended in 1994; a new trademarks bill is pending) and has taken steps to comply with the World Trade Organisation (WTO) and the agreement on Trade-Related Aspects of Intellectual Property (TRIPs). Nevertheless, the reality is that there is widespread breach of intellectual property rights and little legal recourse for aggrieved parties.

Kenya updated its copyright act in 1996 to include protection for computer applications and other media not previously covered, such as broadcast images. And a new copyright bill (the Copyright Bill of 2001) superseded this legislation in February 2003. Although the new legislation removed many loopholes and created a copyright board, Kenya is still not wholly aligned with the TRIPs agreement on the issue of copyrights, according to the International Intellectual Property Alliance. The group believes that fines for pirating are too lenient to deter large-scale counterfeiters and pirates.

The Kenya Industrial Property Institute (KIPI), part of the Ministry of Research, Technical Training and Technology, oversees patents, trademarks and trade secrets. KIPI has been a designated patent office since Kenya's entry into the Patent Co-operation Treaty in 1994; foreign patents approved by KIPI are in force in all member countries. The attorney-general supervises copyrights, under the terms of the Copyright Bill of 2001. Kenya has *de jure* enforcement bodies in place to prevent or penalise the infringement of property rights. KIPI has an industrial property tribunal; the copyright office similarly has a copyright tribunal. The Kenyan Police's Criminal Investigation Department and the Customs and Excise Department also have jurisdiction over intellectual property crimes.

However, neither the police nor customs officers are well versed in copyright law and required procedure. Despite three raids between 1999 and 2004, there has been little in the way of satisfactory compensation for rights holders or punishment for violators. Existing penalties are not much of a deterrent: those convicted of software piracy in Kenya

face fines of up to KSh200,000 (US$2,750) and a prison term of up to five years, as well as confiscation of equipment used in the act of piracy.

Licence-holders of intellectual property have recourse to temporary or permanent injunctions against infringers. Temporary injunctions, also known as Anton Pillar orders, allow agents of the plaintiff to seize pirated goods. Permanent injunctions allow such contraband to be destroyed.

Intellectual property and the new economy

Although the Industrial Property Act complies with the agreement on TRIPs regarding e-commerce, the burden of preventing violations of intellectual-property rights typically falls on the rights holder.

2.5 Mergers and acquisitions

Mergers or acquisitions in which both parties offer similar goods or services may not be completed without authorisation from the minister of finance. The commissioner of monopolies vets merger applications or takeover applications, scrutinising data on ownership and sales before making a recommendation to the minister. A proposed merger is more likely to receive clearance if it would do the following: lead to improved exports or export earnings; increase employment and create a considerably more efficient enterprise; increase competition; not introduce scope for market manipulation; and promote labour-intensive work over capital-intensive technology. Mergers involving insurance are also subject to the Insurance Act; mergers involving financial companies are also subject to the Banking Act.

According to the Monopolies and Prices Commission, there were 12 mergers processed in 2004. These included the following: Group 4 (Denmark) and Securicor (UK); Trans-Century and Cable Holdings (UK); Bank of Africa Kenya and Credit Agricole Indosuez Kenya Branch (France); MsKK Guards Security Group and EARS Group; MTN International Mauritius (South Africa) and Kenya Telkom (KenCel); Kemia International and Polysynthetics Eastern Africa; Sameer Telkom and Kenya Telkom; Shell (UK/Netherlands) and BP Malindi (UK) and Oil COM; Homegrown Kenya and Kijabe; Dawa Pharmaceutical and Medisel (K); Fresh Del Monte Produce (US) and Delmonte Kenya (US); American Life Insurance Kenya (Alico Kenya—majority owned subsidiary of American Life Insurance Company, part of American International Group, of the US) and CFC Group.

2.6 Accounting standards

Under the IASCF Constitution, the objectives of the International Accounting Standards Board (IASB) are:

- To develop, in the public interest, a single set of high-quality, understandable and enforceable global accounting standards that require high-quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions;
- To promote the use and rigorous application of those standards; and
- To bring about convergence of national accounting standards and International Accounting Standards to high-quality solutions.

For further details, visit www.iasplus.com.

To access a summary of countries' use of International Financial Reporting Standards, select "Country Use of IFRSs" from Resources on the left-hand side of the page.

3.0 Foreign investment

3.1 Foreign investment incentives and restrictions

The Kenyan government has taken pains to show that it welcomes and seeks to attract foreign investment into the country. However, it is keen to encourage investment that spurs job creation and does not negatively affect the country's security or environmental considerations. That said, restrictions on foreign ownership still exist in the infrastructure (telecoms, power), insurance and media sectors, since these have been only partially liberalised.

In a speech to the American Business Association on January 19th 2004, Moody Awori, the vice-president, urged partnership between foreign companies and their domestic counterparts, and encouraged foreign investors to consider rural areas when looking to set up a base in Kenya.

There are no restrictions on foreign investment, foreign ownership, repatriation of profits or capital. Nevertheless, foreign ownership of the ordinary shares in listed Kenyan companies is generally restricted to 75%.

There are 37 export-processing zones (EPZs) in Kenya, of which only two are under government ownership. Following unrest over poor working conditions in the EPZs in January–March 2003, the NARC government removed the exemption from unionisation that had formerly obtained in the zones. Since then, many employers in the EPZs have agreed

collective-bargaining pacts with the Tailors and Textile Workers Union. Kenya also has a manufacturing-under-bond programme, which offers foreign and domestic investors a similar array of incentives without requiring an enterprise to locate in a pre-determined zone.

Other incentive schemes are available to foreign companies that invest in rural or other poorly developed regions of the country.

Foreign direct investment (FDI), which is a small proportion of all foreign investment into Kenya, is governed by the Companies Ordinance (Cap 486), the Partnership Act (Caps 20, 30) and the Foreign Investment Protection Act.

There is no overall framework for incentives in Kenya, although this will probably change.

An advisable first stop for any potential investor seeking to set up in Kenya is the Investment Promotion Centre (IPC). The IPC is a statutory organ that came into being as a result of passage of parliament's Investment Promotion Centre Act of 1986. The centre is responsible for ensuring that new investments meet environmental, health and security standards. The IPC describes itself as a one-stop investment promotion agency for investors, but it is not quite that yet, although the government has said it plans to create a one-stop investment shop in the near future. The IPC offers a five-step process for setting up a business in Kenya that is reasonably quick (within a month) and free of charge. The following procedures are required:

(1) Complete the IPC application form.

(2) Engage legal advice in Kenya.

(3) Register the business with the registrar of companies.

(4) Submit an application form, certificate of incorporation, articles and memorandum of association to the IPC.

(5) Receive a certificate of general authority (investment licence).

The IPC encourages investments that are labour intensive, depend on local resources, accrue or save foreign exchange, and promote effective technology transfer.

After securing the certificate of general authority, an investor may begin preliminary measures to set up the business pending final approval from the pertinent authority. Investors seeking to situate in an EPZ should contact the Export Processing Zones Authority for an application.

The alternative to using the IPC is to secure the services of a local lawyer to handle the registration process at a cost of about US$500.

The process of setting up an investment was streamlined in 1998 so that only one document, known as the Single Business Permit, needs to be issued; however, this has been undermined by a concurrent effort to rejuvenate the finances of local authorities, which are authorised to issue business permits. Since local authorities retain the right to set fee schedules, albeit within guidelines of the local government ministry, some investors find that they pay more for a single business permit than they did previously for an array of licences.

Existing and future incentive programmes in Kenya will in all likelihood be aligned with East African Community (Kenya, Tanzania and Uganda) plans for a common external tariff, the finalisation of which is uncertain. Incentives are open to foreign and domestic investors alike. The right to repatriate capital and profits is guaranteed, as are safeguards against the expropriation of property.

In theory, certain geographic regions of the country are off-limits to foreign investors; whether this is strictly enforced, however, is open to question. Potential investors looking to undertake exploration or acquire concession rights in the minerals or mining sector should contact the Commissioner for Mines and Geology in the Ministry of Environment, Natural Resources and Wildlife. Planned mining operations are scrutinised using several criteria (such as the type and scope of operations, environmental impact, and likely benefits to the state and region), and approval is unlikely to be swift. Financial institutions that accept deposits or savings from the general public (such as commercial banks, investment and mortgage companies, and building societies) are licensed and supervised by the Central Bank of Kenya. Although stockbrokers must be licensed by the Capital Markets Authority, foreign-exchange dealers are licensed by the central bank, under the Central Bank of Kenya Act (Cap 491). Kenya also has agricultural boards that supervise licensing in the tea, coffee, sugar and sisal subsectors.

3.2 Exchange controls

The government in effect ended exchange controls with the repeal of the Exchange Controls Act in 1995. As a consequence of the Central Bank (Amendment) Act enacted later that year, the Central Bank of Kenya (CBK) has authority over international payments, foreign-exchange traders and banks. Where the CBK and the finance minister deem that international payments might interfere with compliance with international treaties, limits may be put on such payments (Section 33(I)).

As part of its mandate to protect the stability of the Kenya shilling, the CBK reserves the right to intervene in the interbank market when necessary to counteract foreign-exchange volatility.

The Foreign Investment Protection Act (FIPA) removed restrictions on the repatriation of capital and remittance of dividends and interest payments. Foreign investors wishing to do this, however, must first obtain a Certificate of Approved Enterprise from the Ministry of Finance.

Kenya has recently passed money-laundering legislation despite the ongoing Goldenberg enquiry, which revealed significant money-laundering activities from the early 1990s. Parliament approved the Crime and Money-Laundering (Prevention) Bill 2004 in February 2005. This legislation provides for the identification, tracing, freezing, and seizure or confiscation of funds related to the proceeds of all crime, including drug-trafficking and corruption as well as money-laundering.

The government has also said that stipulations in the Central Bank Act (Section 33H) reduce or eliminate the scope for money-laundering by requiring all transactions to be conducted through licensed financial institutions. Moreover, the CBK must be notified of foreign-exchange transactions with values exceeding US$500,000 and other transactions exceeding US$100,000. Kenya is a member of the East and Southern African Anti-Money-Laundering Group, which requires Kenya to comply more closely with legislation in the Vienna and Palermo conventions on money-laundering.

4.0 Choice of business entity

4.1 Principal forms of doing business

There are five types of businesses in Kenya: registered companies (both private and public); branch offices of companies registered outside Kenya; partnerships; sole proprietorships; and co-operatives. It is advisable to secure legal and investment advice and assistance for setting up any such firm.

Requirements of a private and public company in Kenya

Capital. There is no legal minimum for either public or private unlisted companies; companies intending to float shares on the Nairobi Stock Exchange must have not less than KSh20m.

Founders, shareholders. Public limited-liability firms must have no fewer than seven shareholders; Private limited-liability firms are required to maintain a minimum of two and a maximum of 50 shareholders

Directors. Private enterprises must have at least one director; public enterprises, no fewer than two directors. There are no restrictions on nationality and residence for either form.

Management. Neither public nor private enterprises need have labour representation on the board. There are no restrictions on nationality or residence.

Disclosure. Annual director and shareholder returns must be filed by both public and private companies. Public companies must also submit annual financial statements to the registrar of companies. Quoted companies must comply with exchange regulations on issuing statements to shareholders.

Taxes and fees. A 1% stamp duty is applicable to authorised share capital and subsequent increases. Fees are levied at the time of registration.

Types of shares. Both public and private companies must be incorporated with par-value shares; common, preferred and non-voting shares are permitted. Publicly listed companies must comply with requirements of the Nairobi Stock Exchange.

Effective control. Special resolutions require a 75% majority of voting shares; directors can be removed by majority vote.

4.2 Establishing a branch

Branch offices of non-resident businesses must be registered. A branch may avail itself of local overdraft facilities and repatriate certain fees. A foreign business intending to open a branch office should present the following information to the Registrar of Companies:

- Certified copy of the charter, statutes or memorandum and articles of association of the company, or other instruments defining the constitution of the company;
- List of the directors and secretary of the company, giving full names, nationality and other directorships of companies in Kenya;
- Statement of all existing charges entered into by the company affecting properties in Kenya;

- Names and postal addresses of one or more persons resident in Kenya authorised to accept, on behalf of the company, service of notices required to be served on the company;
- Full address of the registered or principal office of the company in its home country; and
- Full address of place of business in Kenya.

If satisfied, the Registrar of Companies will issue a certificate of compliance. The next step is to apply to the relevant local body or ministry for a trade licence, now known as a single business permit.

Branches of foreign firms pay higher tax rates (37.5%) than local companies and locally incorporated subsidiaries of foreign companies (30%).

4.3 Setting up a company

Registered companies may be public or private limited-liability companies. The first step is to submit a business name with the Registrar of Companies. Subsequently, a memorandum of association (company name, share-capital information, number of shares to be taken up by each subscriber and a statement asserting the limited liability of each shareholder); articles of association (document presenting the internal operations of the planned company); fees; address; and contact information should be filed, preferably through a lawyer, with the Registrar. The Registrar is not yet computerised, and the process is neither quick nor necessarily smooth.

Both private and public companies may allot shares for non-cash considerations. Companies wishing to do this should inform the Registrar of Companies of such allotments and submit a written contract constituting the title of the allottee. Private limited-liability companies must have 2–50 shareholders; public limited-liability firms should have a minimum of seven shareholders.

Both public and private enterprises must file annual shareholder and director returns. A public company may float shares to the public following approval from the Nairobi Stock Exchange, and they must file financial statements annually with the Registrar of Companies.

Although the process of incorporating as a subsidiary is more expensive and complex, subsidiaries pay taxes at the same rate as locally incorporated companies (30%). Businesses setting up subsidiaries frequently opt for a private limited-liability company because of the attendant tax advantages and to avoid excessive regulatory supervision.

Government approval is necessary to establish banks, insurance companies, building societies and financial institutions. The procedure is subject to regulations on minimum capitalisation.

5.0 Business taxation

5.1 Overview

Kenya has reduced its corporate tax rates in recent years, and these are now in line with its partners in the East African Community. In addition to direct taxes, the Kenya Revenue Authority (KRA) assesses taxes on corporations at the point of sale. The KRA is responsible for tax legislation as well as assessing and collecting taxes. Tax incentives offered by the KRA in 2003 include capital deductions on wear and tear, along with investment allowances. The KRA also administers value-added tax, customs and excise duty, and road taxes. The 2003/04 budget amended the Income Tax Act to allow investors in hotels and industry a 100% investment allowance, up from the previous 60%, effective January 1st 2004. Tax morality has improved in recent years, a trend that is attributed to the strengthened efficiency of the KRA. Kenya’s tax revenue constitutes about 22% of annual GDP.

Shareholder financing

There are no restrictions on shareholders financing a company, for example, by giving providing loans. However, where financing is provided by non-resident shareholders, thin-capitalisation regulations may apply. A company is deemed to be thinly capitalised if it is in the control of a non-resident person (alone or together with four or fewer other persons). Where a company is thinly capitalised, and the highest amount of all loans (including bank overdrafts and other liabilities on which interest is charged) exceeds three times the share capital and positive revenue reserves, the interest expense charged in the accounts is restricted for tax purposes.

Loss relief

Tax losses may be carried forward indefinitely. However, losses incurred in any specified source may only be offset against future profits from the same source in following or future years.

There are no provisions for group tax relief.

Capital losses may not be offset against trading income.

No allowance is made for terminal loss but certain expenditure incurred after cessation of business may be regarded as incurred in the year in which the business ceased.

5.2 Taxable income and rates

Taxable income defined

Income that derives from Kenya is taxable income. Major forms of income that are taxable are business, employment, rent, dividends, interest, pensions, management fees and commissions. Taxable income is levied either directly or at source; interest, dividends, royalties, management or professional fees, commissions, pensions and rent are taxed at source or withheld. Interest is tax deductible if employed in generating income. Non-resident enterprises must pay taxes on loans if their total loans exceed revenue reserves and three times paid-up capital or the total outstanding on loans made prior to June 16th 1988, whichever is larger.

Branches pay taxes on royalties, management fees or interest payments to a head office; subsidiaries, however, are eligible for deductions. Foreign bank branches in Kenya pay taxes on property and other assets acquired outside Kenya.

The Kenyan authorities allow the indefinite carryforward of losses, but carrying back of losses is not permitted. For non-resident insurance companies (excluding life insurance), taxes are levied on gains, which consist of received or receivable gross premiums, non-investment income and the amount judged by the tax commissioner to constitute a reasonable representative of investment of Kenya reserves, minus unexpired reserves at year-end, admitted claims for the year and other expenses incurred during the course of business. Depreciation of certain machinery and computers is deductible, as is capital expenditure on hotels and for other industrial uses. Where double-tax treaties exist, corporations are eligible for tax credits; otherwise, foreign taxes paid may be deducted.

Depreciation

The Kenya Revenue Authority permits depreciation on both a straight-line and declining-balance basis. Wear-and-tear allowances on farm machinery, aircraft, ships, computers and other office equipment are calculated by the declining-balance method. Capital expenditures on hotel buildings and industrial buildings or equipment and machinery are eligible for straight-line investment allowances. In 2004 these was 100% on hotel buildings and 100% on industrial machinery and buildings (in 2003 the rate was 70%). Wear-and-tear allowances in 2003 for farm equipment equalled 37.5%; computers, 30%; cars, 25%; and ships, 12.5%. There are plans to re-categorise reinsurance firms so that they receive the same tax treatment as other insurance companies.

Both export-processing zones and manufacturing-under-bond (MUB) schemes offer tax deductions of 100%, with qualifications. MUB enterprises are liable for taxes if they are shuttered within three years of their capital outlay. Mining firms receive a 40% capital deduction in the first year and 10% the subsequent year through the seventh year of operation. Revaluation of assets is permitted, and depreciation is calculated from the new value; revaluations do not incur taxes.

Profit repatriation

There are no restrictions on profit repatriation. Companies may pay excess profit as dividends. Dividends paid by a resident company are subject to withholding tax at a rate of 10%. (Dividends paid to residents are subject to withholding tax at a rate of 5% unless the recipient is a resident company controlling more than 12.5% of the paying company in which case no withholding tax is deducted.)

5.3 Capital gains taxation

The capital gains tax was suspended on June 14th 1985. But there is a compensation tax, at the applicable corporate rate, for those corporations that pay dividends out of untaxed profits.

5.4 Foreign income and tax treaties

Kenya has double-tax treaties in force with eight countries: Canada, Denmark, Germany, India, Norway, Sweden, the UK and Zambia. Kenya has not ratified its tax treaty with Italy; Uganda and Tanzania have not yet implemented treaties with Kenya. Tax treaties now in force do not affect withholding rates for remitted interest or dividends, but they offer credit to offset foreign-sourced income already taxed abroad.

Withholding-tax rates under Kenya's tax treaties (%)

Country of recipient	Royalties	Management fees
Canada	15.0	15.0
Denmark	20.0	20.0
Germany	15.0	15.0
India	20.0	17.5
Norway	20.0	20.0
Sweden	20.0	20.0
United Kingdom	15.0	12.5
Zambia	20.0	20.0

Source: Ministry of Finance.

5.5 Transfer pricing

Planning for methods, documentation, penalties and other transfer-pricing issues is a complex undertaking. In addition to this brief summary of country-specific information, please consult Deloitte's online Strategy Matrix for Global Transfer Pricing (a PDF file under Learn More) at www.deloitte.com/tax/transferpricing. This comprehensive guide includes essential information regarding the transfer-pricing regimes in 39 jurisdictions around the world.

Resident firms may deduct direct purchases and management fees; branches paying management fees are subject to withholding tax.

There is no specific transfer-pricing legislation in Kenya. However, there are certain anti-avoidance provisions.

5.6 Turnover and other indirect taxes and duties

Kenya has levied a value-added tax (VAT) on consumer spending since 1990, when it replaced the previous sales tax. The introduction of VAT was intended to broaden the tax base, and it applies to both goods and services manufactured, imported or provided in Kenya. The definition of service was broadened in June 2003 to encompass any act performed for a consideration, such as the granting of rights. There are three rates for VAT, the top two of which were reduced by 2 percentage points on June 13th 2003. VAT on almost all designated goods fell to 16%, and VAT on accommodation and restaurant service is now 14%. (However, this rate does not incorporate a catering, training and tourism-development levy (of 2%) and sometimes a service charge (10%); actual VAT may thus be 26%.)

Zero-rated goods, including pharmaceuticals, exports and agricultural inputs, allow registered businesses to reclaim input taxes although no tax is levied on consumers. The Kenya Revenue Authority has eight schedules of goods and services, setting out the status of virtually all goods and services. Exempt items (schedule 2) include purebred horses and cattle for breeding purposes; foodstuffs, such as dried grapes, fresh or frozen codfish; premium petrol and camera film. Exempt services include insurance and reinsurance services, medical, dental, veterinary and nursing services, and cremation and burial services.

Partnerships, proprietorships, limited-liability companies and corporations with a gross annual turnover of KSh3m are eligible for registration to charge VAT. Businesses that trade in jewellery, timber, motor-vehicle parts, accounting services, and other goods or services need not meet the turnover requirement to apply for a certificate of registration. VAT must now be remitted on the following items: capital goods, including plant and machinery, and equipment acquired or imported for new or expanding investment; donated goods, such as passenger vehicles, electronic equipment and clothes, which previously did not qualify; and exports and duty-free goods, under the Tax Remission for Export Office (TREO) programme, where exporters formerly paid VAT and filed for a refund.

Kenya levies excise taxes on beer (60-65%), cider, wine and spirits (35–65%), tobacco items (30–130%), soft drinks and mineral water (10–20%), among other items. Cigarettes must be affixed with an excise stamp. Excise tax is due on both imported and local items; for imported items, it is collected at the time of importation, with applicable import duty or VAT. Excise tax on locally produced items is paid monthly. Entities failing to submit a return for excise tax are liable for a 10% penalty on excise owed and other penalties. The Kenya Revenue Authority in 2003 removed the 10% excise duty from unassembled vehicles, and it cut excise duty on juices to 10% (from 15%). Excise duty on mobile-phone airtime was raised to 10% (from 5%), with effect from July 1st 2003. The heaviest burden of excise duty in 2002/03 fell on Kenya Breweries; it paid KSh11.2bn (US$145.5m). British American Tobacco's excise payment in the same period was KSh4.71bn (US$61.2m).

5.7 Other taxes

Kenya levies stamp duties on transfer of immovable property (4% within a municipality and 2% outside such areas) and on transfer of a non-quoted stock or marketable security (1%). Local authorities are empowered to assess land rates or taxes on unimproved lots. Rates are 10% in Nairobi; they are lower elsewhere. Developed land is also subject to tax, as is land leased by the government.

5.8 Tax compliance and administration

Corporations paying taxes on an instalment basis must pay one instalment on or before the 20th day of the fourth, sixth, ninth and 12th month of the accounting period in question. Instalment tax is the lower of an estimate of the current accounting period's tax or the tax of the previous year. Any final tax still outstanding must be paid off no more than four months after the relevant accounting period. The penalty for late payments is 20% of the outstanding amount, plus 2% each month charged on a compounded basis from the date it was due. Agricultural companies pay 75% prior to the 20th of the ninth month and the remainder before the 20th of the 12th month. The balance of tax payments for self-assessed returns must be paid no more than four months after the end of the relevant accounting period. Self-assessed taxes paid beyond the due date are penalised at 20% of the tax due (plus a further interest charge of 2% of the sum of the tax due and the penalty). The self-assessment return, together with the signed accounts, is due for submission six months after the end of the relevant accounting period. Self-assessment returns submitted after the six months are penalised at 5% of what was still owed (at the time when the balance of tax was due, ie four months after the end of the accounting period, with a KSh5,000 minimum—KSh10,000 from January 2005). Value-added tax and withholding taxes are due within 20 days of the month in which the goods or services were supplied or the tax was deducted, respectively. Import taxes are due at the same time as customs duty.

6.0 Personal taxation

6.1 Taxable income and rates

Personal taxes in Kenya do not differ significantly from those of Uganda and Tanzania; all three countries tax the top income level at the same rate. There are five rates of taxation; the lowest is 10%, and the rates progress through 15%, 20%, 25% and to 30% for the highest earners. Residents receive KSh12,672 (KSh13,944 from 2005) in personal relief each year. There are no proposed changes to the rates of income bands, but effective January 1st 2004, the minimum taxable value of an employee benefit was raised to KSh24,000 per year from KSh12,000. The government's aim is to reduce the tax load on employee meal benefits and, as a consequence, on low-income employees. Limits on tax-free withdrawals from provident funds and pension schemes have been raised to KSh480,000 for both, with effect from January 1st 2004. (Limits had been KSh240,000 and KSh360,000, respectively.)

See the table below for an example of personal taxation in Kenya. Other taxes include monthly levies of the national social security fund tax (a maximum of KSh200) and KSh320 for the national hospital insurance fund.

Personal taxation in Kenya, 2004

Income bracket* (KSh)	Rate on bracket (%)
First 9,680	10
Next 9,120	15
Next 9,120	20
Next 9,120	25
Over 37,040	30

*Figures are for monthly income.

Personal taxation in Kenya, 2005

Income bracket* (KSh)	Rate on bracket (%)
First 10,164	10
Next 9,576	15
Next 9,576	20
Next 9,576	25
Over 38,892	30

*Figures are for monthly income.

The personal tax liability of an executive earning KSh3.8m or KSh6.9m a year (about US$50,000 or US$90,000, respectively, at the end-February 2004 exchange rate of KSh76.35:US$1) would be as follows:

Gross annual income	**KSh3,817,500**	**KSh6,871,500**
Tax thereon	1,145,250	2,061,450
Less personal allowance credit	12,672	12,672
Net income tax	1,132,578	2,048,778
National Social Security Fund	2,400*	2,400*
National Hospital Insurance	3,840*	3,840*
Total taxes	1,138,818	2,055,018
Taxes as % of income	29.83%	29.9%

The personal tax liability of an executive earning KSh4m or KSh7.2m a year (about US$50,000 or US$90,000, respectively, at the end-February 2005 exchange rate of KSh80:US$1) would be as follows:

Gross annual income	**KSh4,000,000**	**KSh7,200,000**
Tax thereon	1,141,130	2,101,130
Less personal allowance credit	13,944	13,944
Net income tax	1,127,186	2,087,186
National Social Security Fund	2,400*	2,400*
National Hospital Insurance	3,840*	3,840*
Total taxes	1,133,426	2,093,426
Taxes as % of income	28.34%	29.08%

Determination of taxable income

Income tax applies to any employment earnings accruing to a resident of Kenya, irrespective of whether it is Kenya-sourced or where the work was actually performed. Employee benefits are also subject to income tax: housing benefits are taxed at a rate of 15% of taxable income or actual arm's-length cost of rental (if rental is not at arm's length, tax is applied to market value of a rental), whichever is higher; provision of water is taxed at the higher of a monthly KSh500 or the actual cost to the employer providing the benefit; electricity, the higher of KSh1,500 a month or the actual cost of supplying the benefit; and a house servant, the higher of KSh2,250 or the cost of the benefit.

Personal income tax deductions can be made on mortgage interest applicable to owner-occupied property, up to a maximum of KSh100,000 annually; home ownership savings plans, up to a KSh48,000 annually. In terms of pension schemes and provident funds, individuals may deduct the lowest of the amount actually contributed, an annual KSh210,000 or 30% of taxable income from employment. The tax threshold for an employee benefit was raised to KSh24,000 (from KSh12,000) on January 1st 2004. A fringe-benefits tax of 30% applies to employee benefits extended after June 11th 1998. Some employees in Kenya are enrolled in a pay-as-you-earn scheme, which puts the onus for payment of taxes on the employer. Tax is collected at source whenever salaries are paid and remitted by the employer and paid to the Kenya Revenue Authority.

6.2 Residency

A resident of Kenya is anyone with a permanent home in the country and who has been present in Kenya for any portion of the year; or one who has been present and working in Kenya for at least 183 days during the relevant year. Non-Kenyans with resident status employed by foreign firms are taxed on all income. Non-residents are liable for withholding on Kenya-sourced income.

6.3 Special expatriate tax regime

As indicated above, non-Kenyan individuals with resident status are taxed on all income. There are special provisions relating to individuals working in the Kenyan regional office of a non-resident employer. If certain conditions are satisfied, only two-thirds of their employment income is liable to Kenyan tax.

6.4 Capital taxes

No capital taxes apply to individuals in Kenya.

7.0 Labour relations and workforce

7.1 Visa and entry requirements

Passport, visa and onward/return ticket are required. Visas should be obtained in advance, although airport visas are available. Travellers who opt to obtain an airport visa should expect delays upon arrival. Tourist visas require one application form, two photos, onward/return ticket and US$50 fee (money order or cashier's check only). For a multiple-entry visa, the fee is US$100 (money order or cashier's check only). Airport departure tax is US$20.

7.2 The employment market

Kenya has a sizeable skilled and educated workforce. The local labour force is typically divided up into the formal and the informal sectors. The latter, often called jua kali (Kiswahili for hot or fierce sun), employs nearly two-thirds of Kenya's labour force of roughly 7m people. Informal industries include panel beating, manufacture of furniture, welding and car repair. Jua kali employment growth has been more dynamic than in the formal sector, largely because formal employment has declined, particularly in agriculture. The Institute of Economic Affairs, a Kenyan research body, estimates that 90% of new jobs created outside the small-farm sector are jua kali. According to the statistics bureau's Annual Survey for 2003, formal-sector employment stood at 1.7m in 2003; the informal sector employed nearly 5.1m people. Public-sector employment is declining, although the government still employs roughly one-third of formal labour.

In the formal sector, women are well represented in service industries, and they make up two-fifths of employees in education, with a substantial presence in finance and insurance as well. Men predominate in manufacturing, trade and transport.

Absenteeism and job turnover are negligible problems, since unemployment is high. Managerial and technical acumen is fairly abundant and, as an official language, English is widely and well spoken by even the semi-skilled.

Bonuses for managers frequently include housing and car allowances.

Most categories of civil servants are covered by a pension fund, and the National Social Security Fund (NSSF), set up in 1965, provides retirement benefits to private-sector employees. Employers and employees contribute equally, and the NSSF offers social protection for old age.

7.3 Employees' rights and remuneration

Legislation pertaining to labour and labour relations in Kenya is unconsolidated. Relevant laws and acts include the Employment Act; Regulation of Wages and Employment Act; Trade Union Act; Trade Disputes Act; and the Factories and Other Places of Work Act. There is also an Industrial Relations Charter, which is a tripartite pact among government, employers and a trade-union umbrella organisation, which is voluntary. It provides a framework for Kenyan industrial relations. Rules on collective bargaining are laid out in the Regulation of Wages and Employment Act (Cap 229).

According to the International Labour Organisation, more than 300 collective-bargaining agreements are signed annually in Kenya. These agreements are unenforceable unless registered with the Industrial Court. Enforcement of collective-bargaining rights and wage guidelines is uneven. Non-unionised workers do not have collective-bargaining rights, but there is a General Wages and Advisory Board to oversee that wages and work conditions in non-unionised sectors are maintained.

Compensation is also governed by the Regulation of Wages and Employment Act. There are minimum-wage guidelines for 12 classes of employees, but enforcement is not strict. The working week is 40 hours, with overtime pay mandatory beyond that. The right to form trade unions is governed by the Trade Union Act (Cap 233), which also sets out how workers' unions are to be run. The Factories and Other Places of Work Act addresses issues of occupational health and safety; the Workmen's Compensation Act (Cap 236) governs redress for employees injured at work. There are plans to overhaul this legislation or replace it with a system in which all workers contribute to a fund, but the timetable for such a move is unknown. The Trade Disputes Act regulates the rights of workers to strike and sets out the mechanisms for resolving disputes.

Working hours

The normal working week is 40 hours; anything beyond that is considered overtime and qualifies for overtime pay. Including overtime, working hours may not exceed 120 hours in a two-weekly period. Overtime rates are time and a half during the week and double time on weekends and public holidays.

7.4 Wages and benefits

Minimum wages are set either by a collective agreement where these are in force or by the Agricultural Industry Wages Council, the Protective Security Services Wages Council or the Building and Construction Wages Council in their respective industries. In jua kali sectors, wage levels are governed by the General Wages Advisory Board under terms of the Regulation of Wages and Conditions of Employment Act. The general minimum wage is now KSh4,335, raised from KSh3,587 in May 2004. Wages in foreign-owned firms differ little from the government-established minimum wage. Wages tend to be higher in the service sector than in agriculture or mining. Average annual private-sector wages climbed to KSh231,453 in 2002 from KSh131,152 in 1998, according to preliminary Economic Survey 2003 estimates. Public-sector wages grew during the same period to KSh223,940 from KSh132,136.

Fringe benefits include housing, car and servant allowances for managers, and subsidised loans. (Employers are now assessed tax on such loans, however, so they are gradually being phased out.) Fringe-benefit costs account for 35-50% of basic salary. Some companies offer voluntary pension schemes and medical insurance in addition to the mandatory payment to the National Social Security Fund and the National Hospital Insurance Fund.

Social insurance

Kenya has no unemployment benefits. In the absence of a collective agreement, employees may take not less than seven days' sick leave at full pay after two months of continuous service. For every subsequent 12 months of service, that employee is entitled to a further seven days at half pay. Employees claiming sick leave must provide a doctor's note or other proof. Agricultural workers qualify for 60 days sick leave, half of which is at full pay, the other half at half wages.

Other benefits

There are 12 legal holidays a year for Muslims and 11 for non-Muslims. A minimum-paid holiday is 21 days annually after the first 12 months of consecutive employment. Employees are entitled to at least one rest day a week. Maternity leave is two months paid, but if taken, regular paid leave must be forfeited for that year.

7.5 Termination of employment

The Employment Act of 1976 (Cap 226) governs job termination. Employees are protected against arbitrary dismissal without capacity- or conduct- related justification. The Employment Act stipulates the instances in which summary termination may occur on grounds of gross misconduct.

The Industrial Court typically handles wrongful-dismissal cases and awards terminal benefits in line with collective agreements that may be in force between the parties. The court may also award an employee compensation for loss of employment. In instances of lawful termination, employees are owed all salary, benefits and allowances due for the period of employment. Even in instances where the court finds an employee has been wrongly dismissed, reinstatement is unlikely to occur, since subsequent relations between employee and employer are unlikely to be good. Thus, although lawful termination of employees is difficult, wrongful terminations do not often incur heavy penalties.

7.6 Labour-management relations

Union membership is not more than 20% of the total labour force in Kenya. The Central Organisation of Trade Unions (COTU) claims to have a membership of 300,000; this is down sharply from levels during the mid-1990s. There used to be 31 unions, one for each industry. Unions now tend to be general; for example, the Kenya Union of Commercial, Food and Allied Workers has on its rolls employees in banking, food and retail. There were 37 unions in Kenya in 2000 (latest information reported), almost all of these with affiliation to COTU. COTU does not represent informal-sector employees, although it lobbies the government to implement better regulations in that sector. The emergence of new "splinter" unions has weakened the labour movement's effectiveness in Kenya. In terms of membership rolls, the Kenya National Union of Teachers is the largest (with 186,036 members during 2000); it is not affiliated with COTU. Also influential are the Kenya Local Government Workers' Union, Kenya Plantation and Agricultural Workers, and the Kenya Union of Commercial Food and Allied Workers.

Collective bargaining is done at the industry (or sectoral) level and the company level. Industry-level bargaining suits the national unions since they often lack the resources to agree individual pacts with employers. Industry-level agreements push employers to devise a wage structure in line with the industry wage, but these are increasingly used only in mining, engineering, tea plantations, agriculture and banking. The growing popularity of company-level agreements has weakened the cohesion and leverage of national unions.

Increasingly, collective-bargaining agreements have a duration of two years, or if not, the issue of wages is likely to be reviewed annually. Wage stipulations in collective agreements usually reflect the prevailing industry rate. Collective agreements are not legally binding unless registered with the Industrial Court. Following widespread labour unrest in the export-processing zones in early 2003, the right to unionise was granted to workers in the zones and collective agreements were negotiated between manufacturers and the Tailors and Textile workers union.

The frequency of strikes has decreased considerably in recent years. There were 41 strikes during 2000, involving roughly 18,000 workers and 5,171 lost days. By contrast, workers struck 105 times during 1998, resulting in 35,514 days lost. Strikes are most common in the agriculture and textiles sectors, and they typically occur over pay or working conditions.

Mechanisms for dispute settlement in Kenya are multilayered. All disputes are submitted for review by a three-member committee, in which there is representation of employers, employees and government. The committee will make one of three recommendations: that disputants can resume negotiation and agree a resolution; that the case be investigated, if the dispute is one over rights or jurisdiction; or that the case be conciliated. In the latter two instances, a ministry official is appointed conciliator or investigator and will seek to facilitate an agreement or define the nature of the dispute, respectively. The Industrial Court has appellate power, so that it may settle disputes that cannot be resolved through conciliation or investigation. The court is also tripartite in structure and comprises two judges and 16 members representing employers and labour. Court decisions are typically reached by consensus; where this does not happen, judges will make a ruling.

7.7 Employment of foreigners

Non-Kenyans must have a work or entry permit to take up a job in Kenya. These are issued by the Department of Immigration. Potential employers may apply for permits on behalf of those they wish to hire. The government is unlikely to issue these unless proof is provided that there are no qualified Kenyans to fill the position. There are restrictions governing the number of foreigners in some professions, such as the practice of law, and doctors and other professionals are required to pass local examinations before they can practise. The process of securing a work permit is bureaucratic; applicants should expect processing time of at least 90 days.

8.0 General information

- **African Trade Insurance Agency (ATIA),** PO Box 10620, 00100-GPO, Nairobi; Tel: (254.2) 2719727/2726999; Fax: (254.2) 2719701; Internet: http://www.ati-aca.com; E-mail: info@ati-aca.com. The African Trade Insurance Agency provides export insurance for trade among Burundi, Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia.
- **American Business Association of Kenya (ABA),** c/o American Embassy, PO Box 30137, Nairobi; Tel: (254.2) 334141; Fax: (254.2) 216648.
- **Capital Markets Authority (CMA),** PO Box 74800-00200, Nairobi; Tel: (254.2) 221910 or 221869; Fax: (254.2) 216681; Internet: http://www.cma.or.ke; E-mail: corporate@cma.or.ke. The CMA regulates equity markets and listed companies.
- **Central Bank of Kenya (CBK),** PO Box 60000, Nairobi; Tel: (254.2) 226431; Fax: (254.2) 340192; Internet: http://www.centralbank.go.ke; E-mail: info@centralbank.go.ke. The CBK regulates financial institutions.
- **Common Market for Eastern and Southern Africa (COMESA),** PO Box 30051, Lusaka, Zambia; Tel: (260.1) 229726; Fax: (260.1) 225107; Internet: http://www.comesa.int; E-mail: comesa@comesa.int.
- **Commissioner for Mines and Geology,** PO Box 30126, Nairobi; Tel: (254.2) 229261; Fax: (254.2) 216951; Internet: http://www.mec.go.ke; E-mail: mec@nbnet.co.ke. The commissioner regulates the mining sector.
- **Department of Immigration,** PO Box 30191, Nairobi; Tel: (254.2) 222022 or 333551; Fax: (254.2) 220731. The Department of Immigration is responsible for issuing work permits to foreigners.
- **East African Community (EAC),** PO Box 1096, Arusha, Tanzania; Tel: (255.27) 2504253/8; Fax: (255.27) 2504255; Internet: http://www.eachq.org; E-mail: eac@eachq.org.
- **East African Community Customs Union,** PO Box 1096, Arusha, Tanzania; Tel: (255.27) 2504253/4/6; Fax: (255.27) 2504255; Internet: http://www.eac.int; E-mail: eac@eachq.org.
- **Eastern Africa Association (EAA),** PO Box 41272, Nairobi; Tel/Fax: (254.2) 218317; Internet: http://www.eaa-lon.co.uk.
- **Export-Import Bank of the United States (EximBank),** 811 Vermont Avenue NW, Washington DC 20571; Tel: (1.202) 565-3946 (EXIM) or (800) 565-3946; Internet: www.exim.gov; E-mail: eximAfrica@exim.gov.
- **Export Processing Zones Authority (EPZA),** PO Box 50563-00200, Nairobi; Tel: (254.2) 26421/6; Fax: (254.2) 713704; Internet: http://www.epzakenya.com; E-mail: epzahq@africaonline.co.ke.

- **Export Promotion Council,** PO Box 40247, Nairobi; Tel: (254.2) 228534 or 228538; Fax: (254.2) 228539; Internet: http://www.cbik.or.ke; E-mail: chiefexe@epc.or.ke or manager@cbik.or.ke. The council offers information on export incentives and programmes.
- **Federation of Kenya Employers,** PO Box 48311, Nairobi; Tel: (254.2) 721929/48 or 720242; Fax: (254.2) 712299 or 721990; E-mail: fke@arcc.or.ke.
- **Investment Promotion Centre (IPC),** PO Box 55704, Nairobi; Tel: (254.2) 221401/04; Fax: (254.2) 336663; Internet: http://www.ipckenya.org; E-mail: ipckenya@nbnet.co.ke or info@ipckenya.org. The IPC is an ideal first stop for the prospective investor in Kenya.
- **Kenya Association of Manufacturers,** PO Box 30225, Nairobi; Tel: (254.2) 746005/7; Fax: (254.2) 746028/30; Internet: http://www.kenyamanufacturers.org; E-mail: kam@africaonline.co.ke.
- **Kenya Bureau of Standards,** PO Box 54974, Nairobi; Tel: (254.2) 502210–19; Fax: (254.2) 503293. The bureau regulates goods that require inspection upon import into Kenya.
- **Kenya Industrial Property Institute (KIPI),** PO Box 51648, Nairobi; Tel: (254.2) 602210/1; Fax: (254.2) 606312; Internet: http://www.kipo.ke.wipo.net; E-mail: kipi@swiftkenya.com. KIPI is responsible for licensing of all intellectual property in Kenya except copyrights.
- **Kenya Revenue Authority (KRA),** PO Box 48240, City Square, Nairobi; Tel: (254.2) 310900; Fax: (254.2) 240927; Internet: http://www.revenue.go.ke. The KRA assesses and collects taxes, and it oversees tax legislation.
- **Ministry of Finance and Planning, Monopolies and Prices Commission,** PO Box 30007, Nairobi; Tel: (254.2) 338111 ext. 33257; Fax: (254.2) 330426; Internet: http://www.treasury.go.ke; E-mail: competition@wananchi.com. The ministry issues Certificates of Approved Enterprise and clears mergers and acquisitions.
- **Overseas Private Investment Corporation (OPIC),** 1100 New York Avenue NW, Washington DC 20527; Tel: (1.202) 336-8400; Fax: (1.202) 408-9859; Internet: http://www.opic.gov. OPIC provides export insurance to US firms.
- **Registrar of Companies,** PO Box 30031, Nairobi; Tel: (254.2) 227461; Fax: (254.2) 211082. The registrar approves company names and registers branches of foreign firms.

9.0 Office locations

To find out how our professionals can help you in your part of the world, please contact us at the headquarters office listed below or through the “contact us” button on http://www.deloitte.com/tax.

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