

# TAX ALERT

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## Value Added Tax – Amendment of Rate of Tax

The Cabinet Secretary for the National Treasury and Planning, through a special issue, published Kenya Gazette Supplement no.30 dated 26 March 2020.

Section 5(2) of the VAT Act is amended and the standard rate of VAT is reduced from 16% to 14% with effect from 1st April 2020.

Section 6(1) of the VAT Act empowers the Cabinet Secretary to amend the rate of tax by increasing or decreasing any of the rates by an amount not exceeding twenty-five per cent of the prevailing rate.

Taxpayers using ETR machines will have to get their machines adjusted to calculate the 14% VAT. Please ensure to run the month-end procedure for March before adjusting for the new rate.

ESD being a signature device, does not require adjustment and Taxpayers can adjust the new VAT rate in their accounting software.

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