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REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

.....

REPORT ON:
THE CONSIDERATION OF
THE TAX LAWS (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 65 OF 2026)

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

OCTOBER, 2026

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LIST OF ABBREVIATIONS AND ACRONYMS

AAK	-	Architectural Association of Kenya
AfCFTA	-	African Continental Free Trade Area
CET	-	Common External Tariff
EAC	-	East African Community
EIPL	-	Export and Investment Promotion Levy
EPRA	-	Energy and Petroleum Regulatory Authority
ESG	-	Environmental, Social and Governance
FSC	-	Forest Stewardship Council
KEBS	-	Kenya Bureau of Standards
KRA	-	Kenya Revenue Authority
KSh	-	Kenya Shillings
LEED	-	Leadership in Energy and Environmental Design
MDF	-	Medium Density Fibreboard
MP	-	Member of Parliament
ODM	-	Orange Democratic Movement
PEFC	-	Programme for the Endorsement of Forest Certification
RETRAK	-	The Retail Trade Association of Kenya
UDA	-	United Democratic Alliance
UDM	-	United Democratic Movement
VAT	-	Value Added Tax

ANNEXURES

Annexure 1: Adoption Schedule
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CHAIRPERSON'S FOREWORD

This report contains the proceedings of the Departmental Committee on Finance and National Planning on its consideration of the Tax Laws (Amendment) Bill (National Assembly Bill No. 65 of 2026), sponsored by **the Leader of the Majority Party, Hon. Kimani Ichungwa, EGH.**

The Bill seeks to amend Section 5 of the Value Added Tax Act to extend the application of the 8% VAT rate on premium motor spirit (petrol), illuminating kerosene and gas oil (diesel) for an initial period of 90 days from the commencement of the Act, with the possibility of a further 90 day extension by the Cabinet Secretary through a Gazette Notice. The reduced rate was introduced in April 2026 as a temporary measure to cushion Kenyans against rising global fuel prices and is due to expire on 14th October 2026. Therefore, the proposed amendment seeks to maintain the reduced rate beyond its current expiry date, thereby providing continued relief from fuel costs and helping to mitigate their impact on the cost of living, transport and the cost of goods and services.

The Bill further proposes to amend the First Schedule of the Excise Duty Act by changing the rate of excise duty on imported ceramic tiles under tariff 6907 from the existing rate of 5% of the excisable value or KSh 50 per kilogram, whichever is higher, to a proposed rate of 5% of the excisable value or KSh 300 per square meter, whichever is higher. The proposal seeks to correct the method of calculating excise duty on ceramic tiles by replacing weight based measurement with measurement based on the square meters imported.

In compliance with Article 118(b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly placed an advertisement in the print media on Friday, 9th October 2026, inviting the public to submit memoranda by way of both oral and written submissions on the Bill. The Committee received nine (9) memoranda from stakeholders whose submissions are detailed in chapter 3 of this report.

The Committee appreciates the support accorded by the Offices of the Speaker and the Clerk of the National Assembly and the contribution of Members and the Secretariat towards the consideration of the Bill.

HON. FCPA KURIA KIMANI, CBS, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

CHAPTER ONE

PREFACE

1.1 ESTABLISHMENT OF THE COMMITTEE

1. The Departmental Committee on Finance and National Planning is established under Standing **Order 216 (5)** and whose mandate is as follows:
   i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
   ii. *To study the program and policy objectives of Ministries and departments and the effectiveness of their implementation;*
   iii. ***To study and review all the legislation referred to it;***
   iv. *To study, assess, and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
   v. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   vi. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on Appointments);*
   vii. *To examine treaties, agreements and conventions;*
   viii. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   ix. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution and*
   x. *To examine any questions raised by Members on a matter within its mandate.*

1.2 MANDATE OF THE COMMITTEE

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider public finance, monetary policies, public debt, financial institutions (excluding those in securities exchange), investment and divestiture policies, pricing policies, banking, insurance, population revenue policies including taxation and national planning and development.
3. In executing its mandate, the Committee oversees the following government Ministries and Departments:
   i. The National Treasury;
   ii. State Department for Economic Planning;

iii. State Department for Public Investments and Asset Management
iv. Commission on Revenue Allocation; and
v. Office of the Controller of Budget.

1.3COMMITTEE MEMBERSHIP

4. The Departmental Committee on Finance and National Planning comprises the following Members:

Chairperson
Hon. FCPA. Kuria Kimani, CBS, MP
Molo Constituency
UDA Party

Vice-Chairperson
Hon. FCPA (Amb). Benjamin Langat, CBS, MP
Ainamoi Constituency
UDA Party

Hon. Peter Kaluma, CBS, MP
Homa Bay Town Constituency
ODM Party

Hon. David Mwalika Mboni, MP
Kitui Rural Constituency
Wiper Party

Hon. Dr. John Ariko Namoit, MP
Turkana South Constituency
ODM Party

Hon. CPA. Julius Rutto, MP
Kesses Constituency
UDA Party

Hon. Paul K. Biego, MP
Chesumei Constituency
UDA Party

Hon. Gathoni Wamuchomba, MP
Githunguri Constituency
UDA Party

Hon. George Sunkuyia, MP
Kajiado West Constituency
UDA Party

Hon. Andrew Okuome, MP
Karachuonyo Constituency
ODM Party

Hon. FCPA. Joseph Oyula, MP
Butula Constituency
ODM Party

Hon. Umul Ker Kassim, MP
Mandera County
UDA Party

Hon. (Dr.) Shadrack Ithinji, MP
South Imenti Constituency
Jubilee Party

Hon. Chiforomodo, Munga, MP
Lunga Lunga Constituency
UDM Party

Hon. Mohamed S. Machele, MP
Mvita Constituency
ODM Party

1.4 COMMITTEE SECRETARIAT

5. The following staff facilitate the Committee:

Ms. Tracy Chebet
Principal Clerk Assistant II/Head of Secretariat

Ms. Jennifer Ndeto
Deputy Director, Legal Services

Mr. Salem Lorot
Legal Counsel I

Ms. Winfred Kambua
Clerk Assistant III

Mr. Benson Kamande,
Clerk Assistant III

Mr. James M. Macharia
Media Relations Officer

Mr. George Ndenjeshe
Fiscal Analyst II

Ms. Joyce Wachera
Hansard Officer II

Ms. Nelly W.N. Ondieki
Research Officer III

Mr. Benson Muthuri
Serjeant-At-Arms

Mr. Allan Ngugi
Administrative Officer III

Mr. Eugene Luteshi
Audio Officer III

CHAPTER TWO

2.0 OVERVIEW OF THE TAX LAWS (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 65 OF 2026)

2.1 BACKGROUND

6. The Tax Laws (Amendment) Bill, 2026 was published in the Kenya Gazette Supplement on 28th September, 2026. The Bill proposes amendments to the Value Added Tax Act, Cap. 476 and the First Schedule to the Excise Duty Act, Cap. 472.

7. The Bill is limited in scope to the specified amendments set out in its clauses. It proposes a temporary eight percent rate of Value Added Tax on specified petroleum products and a revised excise duty measure for certain imported ceramic products falling under tariff heading 6907.

8. The principal object of the Bill is to amend the Value Added Tax Act and the Excise Duty Act in relation to the tax treatment of specified petroleum products and certain ceramic tiles. The proposed VAT measure is time bound, while the proposed excise duty measure specifies a rate based on the excisable value or weight of the goods, whichever results in the higher amount

9. Clause 1 provides for the short title of the proposed law as the Tax Laws (Amendment) Act, 2026 and provides for its commencement upon publication.

10. Clause 2 proposes to amend section 5 of the Value Added Tax Act, Cap. 476, by substituting subsections (2A) and (2B). The proposed subsection (2A) provides for Value Added Tax at the rate of eight per cent of the taxable value in respect of the following petroleum products:

    a) Motor spirit (gasoline) premium under tariff number 2710.12.20;
    b) Illuminating kerosene under tariff number 2710.19.22; and
    c) Gas oil (automotive, light, amber for high-speed engines) under tariff number 2710.19.31.

    The proposed subsection (2B) provides that the eight per cent rate shall apply for a period of ninety days from the commencement of the Act. The Cabinet Secretary may, by notice in the Gazette, extend the period for a further ninety days.

11. Clause 3 proposes to amend the First Schedule to the Excise Duty Act, Cap. 472, in respect of imported ceramic paving, hearth or wall tiles; unglazed ceramic mosaic cubes and similar products and finishing ceramics under tariff heading 6907. The proposed excise duty is five per cent of the excisable value or Kenya shillings fifty per kilogram, whichever is higher.

CHAPTER THREE

3.0 PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL

12. To facilitate public participation, the Clerk of the National Assembly placed an advertisement in the print media on 9th October 2026 inviting the public to submit memoranda by way of written statements on the Bill.

13. The Committee received nine (9) memoranda from the following stakeholders whose submissions are detailed below:

    (1) WeCare Youth Organization;
    (2) Furniture International Limited;
    (3) The Retail Trade Association of Kenya (RETRAK);
    (4) Architectural Association of Kenya (AAK);
    (5) Nuvaya Limited;
    (6) Antarc Limited;
    (7) Tile & Carpet Centre Ltd;
    (8) PG Bison Kenya Limited; and
    (9) Kitchens & Beyond.

14. Of the nine (9) memoranda, those by WeCare Youth Organization (Clauses 1 and 2 and general issues), Furniture International Limited (Clause 3) and the Retail Trade Association of Kenya (RETRAK) (Clause 3) relate to provisions of the Bill. The other six (6) memoranda, namely those by the Architectural Association of Kenya, Nuvaya Limited, Antarc Limited, Tile & Carpet Centre Ltd, PG Bison Kenya Limited and Kitchens & Beyond, relate to the 30% excise duty on imported wood based panels introduced by the Finance Act, 2026. The Bill does not address that matter; it amends only the Value Added Tax Act (petroleum products) and the First Schedule to the Excise Duty Act (ceramic tiles under tariff heading 6907).

3.1 SUBMISSIONS FROM STAKEHOLDERS

General Submissions

WeCare Youth Organization

15. WeCare Youth Organization welcomed the measures to cushion households and businesses from high fuel prices and to make tax rules clear and workable. It submitted that a tax measure should be assessed not only by its stated intention but also by who

benefits, who bears the cost, how the relief reaches consumers, what it means for public revenue and debt and whether the public can track the results. It further urged the Committee to ensure that digital tax administration, electronic invoicing and the processing of taxpayer data comply with Articles 31 and 35 of the Constitution, the Data Protection Act, 2019 and the Computer Misuse and Cybercrimes Act, 2018 and to ensure that the burden of taxation is shared fairly in line with Article 201(b) of the Constitution, since VAT is collected through businesses but generally borne by consumers.

Committee Observation

The Committee noted the concerns raised by the stakeholder regarding tax fairness, transparency and data protection. However, the Committee was of a different opinion, noting that existing laws and oversight mechanisms adequately address these concerns.

Clause by Clause

Clause 1

16. **WeCare Youth Organization** recommended that Clause 1 be amended to require the Cabinet Secretary for the National Treasury and the Kenya Revenue Authority (KRA) to publish a public implementation notice stating the effective date, the affected tariff lines, the treatment of transactions in the transition period and the systems to be updated, without postponing commencement beyond what the Act permits.

17. The stakeholder argued that tax changes affect pump prices, invoices, import declarations and business costs immediately, so that traders and transport operators should not have to guess the rate applicable to a transaction made on the date of publication and cited Articles 10, 35 and 201 of the Constitution on transparency and access to information.

Committee Observation

The Committee noted the concern raised by the stakeholder regarding the need for a public implementation notice. However, the Committee was of a different opinion, noting that the commencement and implementation of tax measures are governed by the applicable laws, while the National Treasury and KRA have existing mechanisms for communicating implementation requirements. The Committee noted that the concerns raised could be addressed through existing administrative mechanisms without amending Clause 1.

Clause 2

18. **WeCare Youth Organization** supported retaining the reduced 8% rate as a relief measure but recommended that the Energy and Petroleum Regulatory Authority (EPRA) and KRA publish a citizen friendly explanation of how the reduced VAT is reflected in petroleum pricing and tax treatment. It noted that a lower VAT rate does not by itself guarantee that consumers receive the full benefit at the pump. The stakeholder gave an example that a matatu operator may pay less tax on fuel while passengers see no fare reduction.

Committee Observation

The Committee noted the stakeholder's recommendation but observed that the reduced VAT rate is intended to cushion consumers against high fuel costs. The Committee was of the view that the existing regulatory framework provides mechanisms for monitoring petroleum pricing and tax compliance.

19. On the 90 day period with a possible further 90 day extension, WeCare Youth Organization recommended that the Cabinet Secretary be required to publish the reasons for any extension together with a fiscal impact assessment and evidence that consumers are benefiting and that Parliament be notified and the public consulted where an extension affects any existing statutory law, so that there is no uncertainty over whether the 90 days restart or are renewed. It stated that this clarity is needed to prevent disputes with KRA over start and end dates.

Committee Observation

The Committee noted the stakeholder's concerns regarding the extension of the 90-day period. However, the Committee was of a different opinion, noting that the Bill provides a clear framework for the extension, while the existing legal and parliamentary oversight mechanisms ensure accountability and clarity in implementation.

Clause 3

Furniture International Limited

20. **Furniture International Limited** welcomed the proposal to revert the excise duty on tiles from a weight based to an area based calculation. The stakeholder proposed that the rate be the higher of 5% of the excisable value or KSh 200 per square metre, rather than KSh 300 per square metre, which it described as the previously applicable rate. The stakeholder further submitted that it imports the slabs as raw material and fabricates them locally into countertops, vanity tops, tables and worktops, that no Kenyan manufacturer produces an equivalent product and that the excise duty

therefore protects no local producer while raising the cost of raw materials for local fabricators who have invested in machinery and skilled labour.

21. It added that large format porcelain slabs are technically different from conventional ceramic tiles and should be treated differently and that the weight based duty of KSh 50 per kilogram penalises thicker slabs. The stakeholder gave an example of a 12 mm slab weighing about 30 kg per square metre attracts about KSh 1,500 per square metre before considering the 5% alternative.

22. They further observed that some importers declare large format porcelain slabs under tariff classifications used for sintered stone, which may attract different rates of tax although the products have similar applications and compete directly. It requested Parliament, in consultation with KRA, to harmonise the customs duties and excise on porcelain slabs and sintered stone and proposed that sintered stone attract the same excise duty of the higher of 5% of the excisable value or KSh 200 per square metre.

Committee Observation

The Committee noted the need to balance the reduction in the tax burden arising from the change in the method of calculating excise duty from weight to area against the potential loss of government revenue. Accordingly, the Committee adopted a slightly higher excise duty rate to mitigate the revenue loss while achieving the intended objective of the amendment.

Retail Trade Association of Kenya (RETRAK)

23. RETRAK submitted that, although Clause 3 clarifies the excise rate on imported ceramic tiles at 5% of the excisable value or KSh 300 per square metre, whichever is higher, it retains an import only tax that raises concerns on affordability, fair competition, regional trade and the viability of compliant retailers. It stated that the measure discriminates against EAC origin tiles, contrary to Articles 10 and 15 of the EAC Customs Union Protocol. The stakeholder recommended that the tariff 6907 excise entry be deleted or, at a minimum, that qualifying EAC origin tiles be expressly excluded and the KSh 300 per square metre minimum be removed, since a specific floor imposes effective rates of 15% to 30% on lower priced tiles.

24. The stakeholder further recommended that the 3% Export and Investment Promotion Levy (EIPL) on imported ceramic products under tariff headings 6907 and 6910 be repealed or, at a minimum, not applied to EAC origin goods; that a 12 month suspension of the excise on imported tiles, followed by a rate of 5% of the excisable value, be provided to help retailers recover from earlier disruptions and that, where industrial protection is intended, an EAC compliant trade remedy targeting third

country imports be used instead. It also asked that the Bill and its Memorandum clearly state the current legal baseline for tariff 6907, noting that it understood the Finance Act, 2025 to have already introduced the KSh 300 per square metre rate.

Committee Observation

The Committee noted the concerns and proposals raised by the stakeholder regarding the tax treatment of medium-density fibreboard (MDF). However, the Committee observed that the proposals fall outside the scope of the Bill and may be considered in future tax policy proposals to be submitted to the National Assembly.

Submissions on Matters not Contained in the Bill

25. The following stakeholders made submissions on the 30% excise duty on imported wood based panels (medium density fibreboard, particle board, block board and plywood) introduced by the Finance Act, 2026. The Tax Laws (Amendment) Bill (National Assembly Bill No. 65 of 2026) does not propose any amendment on this matter. The submissions are captured below as received.

Architectural Association of Kenya (AAK)

26. **AAK,** proposed that the 30% excise duty on imported wood based panels be deleted in full through the Bill. It noted that the measure was introduced late in the legislative process and was not in the Finance Bill published for public participation, so the professions had no opportunity to comment. It submitted that since the duty took effect, rates for joinery, fitted kitchens, wardrobes and board based finishes have risen sharply mid project, causing cost overruns, strained fixed price contracts, claims and disputes and some projects being paused or scaled down. It stated that the duty has reversed the progress made by Kenyan manufacturers in replacing finished imports, since locally made fitted furniture is now dearer than imported finished goods and that client specifications such as FSC or PEFC certification, low-formaldehyde grades, fire-rated and antibacterial boards and green building certification cannot be met by local production, so the duty protects no local producer. It further submitted that the duty raises the cost of affordable housing and public buildings, risks pushing the market towards uncertified or illegally sourced timber and threatens the jobs of carpenters, installers and small workshops.

27. They urged the Committee to ensure that future measures affecting construction materials are subjected to public participation and a cost impact assessment and to engage AAK and its member chapters as a technical resource before such measures are designed.

Committee Observation

The Committee noted the concerns and proposals raised by the stakeholder regarding the tax treatment of medium-density fibreboard (MDF). However, the Committee observed that the proposals fall outside the scope of the Bill and may be considered in future tax policy proposals to be submitted to the National Assembly.

Nuvaya Limited

28. **Nuvaya Limited** acknowledged that the Bill does not address wood based boards but requested the Committee to recommend repeal of the 30% excise duty on imported MDF, particleboard, plywood and blockboard through an amendment to the Excise Duty Act. It submitted that these boards are fundamental inputs for furniture manufacturing, cabinetry, construction and housing and already attract a 35% import duty, so that the additional excise creates a cumulative burden of about 75.5. It stated that this raises production costs, reduces competitiveness against imported finished products and discourages investment in local processing and that it is inconsistent with the objectives of the African Continental Free Trade Area (AfCFTA) on intra African trade and regional value chains, given its plans to source from African manufacturers, process in Kenya and distribute regionally.

29. The stakeholder further recommended that, if full repeal is not immediately achievable, manufacturing inputs be distinguished from finished products through exemptions or remission mechanisms, that the existing 35% import duty be taken into account, that the excise treatment of qualifying African origin products be reviewed and that the National Treasury and KRA consult industry before introducing substantial taxes on industrial inputs.

Committee Observation

The Committee noted the concerns and proposals raised by the stakeholder regarding the tax treatment of medium density fibreboard (MDF). However, the Committee observed that the proposals fall outside the scope of the Bill and may be considered in future tax policy proposals to be submitted to the National Assembly.

Antarc Limited

30. **Antarc Limited** submitted that although it does not itself import wood based panels, it is affected through its Kenyan manufacturing suppliers and requested repeal of the 30% excise duty on imported particleboard, MDF and plywood, which already attract a 35% import duty. It stated that it had shifted much of its range from imported finished furniture to Kenyan manufacturers, but that since the excise took effect local suppliers

have raised prices by 15-20%, so that for several ranges it is now cheaper to import finished furniture from China, Turkey, Malaysia or India, which puts years of supplier development at risk.

31. It further submitted that its institutional and corporate buyers require certified boards (FSC or PEFC, low formaldehyde, antimicrobial, fire and moisture rated) that are not made in Kenya, so that the excise falls hardest on compliant work; that tenders and framework contracts priced before the duty are under pressure; that higher prices burden households, schools and hospitals and that high taxes will encourage smuggling, under declaration and misclassification, with the Government losing excise duty, import duty, VAT and income tax.

32. The stakeholder requested the Committee to repeal the duty and restore the position before the Finance Act, 2026, to avoid taxing manufacturing inputs at nearly the same level as finished goods and to require consultation and an assessment of effects on prices, jobs and illicit trade before future changes affecting the furniture value chain.

Committee Observation

The Committee noted the concerns and proposals raised by the stakeholder regarding the tax treatment of medium density fibreboard (MDF). However, the Committee observed that the proposals fall outside the scope of the Bill and may be considered in future tax policy proposals to be submitted to the National Assembly.

Tile & Carpet Centre Ltd

33. Tile & Carpet Center Ltd, proposed a repeal of the 30% excise duty introduced by Clause 36 of the Finance Act, 2026 on imported MDF, particle board, block board and plywood (tariff headings 4410, 4411 and 4412) and a reversion to the East African Community (EAC) Common External Tariff (CET) 2022 import duty of 35%. It submitted that the duty, imposed on top of the 35% import duty, has raised the cost of locally made furniture and of construction, contrary to the Affordable Housing Programme and has left little difference between imported finished furniture (45% import duty plus 30% excise duty) and raw boards (35% plus 30%), thereby negating the tariff barrier against finished imports. It stated that Kenya has no large scale commercial MDF producer; local producers cannot consistently supply E1 and E0 low formaldehyde boards; imported MDF comes largely from sustainably managed plantations, relieving pressure on Kenya's forests and the 35% import duty sufficiently protects local board manufacturers.

34. The stakeholder further submitted that the excise violates Articles 10 and 15 of the EAC Customs Union Protocol, which prohibit internal taxation that disadvantages EAC-origin goods, citing the 46th Meeting of the EAC Sectoral Council on Trade,

Industry, Finance and Investment held in Arusha from 26th to 30th May 2025 and the related directive that Partner States remove such measures by 30th June 2026. It requested the Committee to reconsider the June 2026 decision.

Committee Observation

The Committee noted the concerns and proposals raised by the stakeholder regarding the tax treatment of medium-density fibreboard (MDF). However, the Committee observed that the proposals fall outside the scope of the Bill and may be considered in future tax policy proposals to be submitted to the National Assembly.

PG Bison Kenya Limited

35. PG Bison Kenya Limited, a furniture manufacturer, requested the repeal of the 30% excise duty on imported MDF, particleboard, plywood and blockboard (tariff headings 4410, 4411 and 4412) introduced by the Finance Act, 2026. It stated that trade from some countries has remained active and prices have not risen, so the cost falls on compliant importers and that on its landed cost calculation the excise raises the cost of imported board from 1.79 to 2.26 times its FOB value, making imported finished furniture (taxed at about 75%) cheaper to land than Kenyan made furniture, reversing import substitution and putting at risk its 300 direct employees and more than 2,000 independent installers. It added that the duty also catches products that are not made in the EAC, such as oriented strand board, bamboo board and certified or specialist boards.

36. The stakeholder further submitted that an excise imposed only on imports is difficult to reconcile with Article 15(2) of the EAC Customs Union Protocol and with Kenya's national treatment obligations under the Common Market for Eastern and Southern Africa, the Tripartite Free Trade Area and the AfCFTA and that an exclusion limited to EAC origin goods, a lower rate or stronger enforcement alone would not resolve the problem. It recommended that the duty be repealed through an amendment to the First Schedule to the Excise Duty Act or, alternatively, that it not apply to goods satisfying the rules of origin of the EAC, the Common Market for Eastern and Southern Africa, the Tripartite Free Trade Area and the AfCFTA and that in either case KRA, jointly with the Ugandan and Tanzanian authorities, be directed to verify and act on the alleged rules of origin abuse and under invoicing.

Committee Observation

The Committee noted the concerns and proposals raised by the stakeholder regarding the tax treatment of medium-density fibreboard (MDF). However, the Committee observed that the proposals fall outside the scope of the Bill and may

be considered in future tax policy proposals to be submitted to the National Assembly.

Kitchens & Beyond

37. **Kitchens & Beyond** requested the Committee to delete the 30% excise duty on imported wood based panels introduced by the Finance Act, 2026, through the Bill. It submitted that the Kenyan manufacturers use local boards alongside imported decors, surfaces and performance grades that clients specify, that the excise has raised its production costs by about 20% and is making the import of finished European kitchens comparable or cheaper again and that the duty falls hardest on high value decorative panels, erodes its regional export business and would reverse years of capability building, shorter lead times and foreign exchange savings.

38. The stakeholder further submitted that the duty was introduced without an assessment of its effect on manufacturers and that it has not stopped the non compliant trade it targeted, since prices of boards from regional routes have not risen, while compliant importers bear the full cost and KRA and the Kenya Bureau of Standards (KEBS) already have powers to verify origin, collect full duty and act on substandard products. It asked that a reduced rate or narrow exemption not be applied, that KRA be directed to enforce existing origin and valuation rules against non compliant imports and that businesses investing in local value addition be consulted before future measures affecting their supply chains.

Committee Observation

The Committee noted the concerns and proposals raised by the stakeholder regarding the tax treatment of medium-density fibreboard (MDF). However, the Committee observed that the proposals fall outside the scope of the Bill and may be considered in future tax policy proposals to be submitted to the National Assembly.

CHAPTER FOUR

4. 0 COMMITTEE GENERAL OBSERVATIONS

39. The Committee, having considered the Tax Laws (Amendment) Bill (National Assembly Bill No. 65 of 2026), made the following observations, **THAT**

Extension of the Reduced VAT Rate on Petroleum Products

40. The Bill proposes to amend Section 5 of the Value Added Tax Act (Cap. 476) to extend the application of the reduced Value Added Tax rate of 8 per cent on premium motor spirit (petrol), illuminating kerosene and gas oil (diesel) for an initial period of ninety days, with a possible extension for a further ninety days by the Cabinet Secretary through a Gazette Notice. The Committee noted that the reduced rate was initially introduced as a temporary intervention to cushion consumers against rising global fuel prices. However, in view of the persistent economic challenges and prevailing geopolitical tensions in the Middle East, which continue to exert pressure on global oil prices, the Committee observed that extending the reduced VAT rate is necessary to cushion Kenyans against rising fuel costs and their cascading effects on transportation, production costs and the general cost of living. The proposed extension is therefore intended to provide continued relief to households and businesses while supporting economic activity.

The Basis for Calculating Excise Duty on Imported Ceramic Tiles

41. The Bill proposes to amend the First Schedule of the Excise Duty Act (Cap. 472) by changing the basis for calculating excise duty on imported ceramic tiles under tariff 6907 from weight to area. The current rate of 5 per cent of the excisable value or KSh. 50 per kilogram, whichever is higher, is proposed to be replaced with 5 per cent of the excisable value or KSh. 300 per square metre, whichever is higher. The Committee noted that the weight-based method may result in varying tax burdens depending on the thickness and density of the tiles, notwithstanding that the goods are measured and traded by area. The proposed amendment therefore seeks to introduce a more appropriate basis for calculating excise duty and to reduce the tax burden on tiles that would otherwise attract higher duty under the existing weight-based method.

Commencement date

42. There is need to align the commencement date of the Act to ensure the continuity of the extension of the application of the reduced Value Added Tax rate of 8 per cent on premium motor spirit (petrol), illuminating kerosene and gas oil (diesel).

CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATION

43. The Committee, having considered the Tax Laws (Amendment) Bill (National Assembly Bill No. 65 of 2026) recommends that the House **approves** the Bill **with the amendments** contained in the Schedule of Amendments forming Chapter Six of this Report.

SIGNED.....**DATE** 14th Oct 2026

HON. FCPA KURIA KIMANI, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 14 OCT 2026 DAY. WEDNESDAY
TABLED BY: CHAIRPERSON HON. KURIA KIMANI
CLERK-AT THE-TABLE: MIRIAM NOOJ

CHAPTER SIX

6.0 SCHEDULE OF PROPOSED AMENDMENTS

44. The Committee proposed the following amendments to be considered by the House in the Committee stage:

CLAUSE 1

THAT, clause 1 of the Bill be amended by deleting the words "shall come into effect upon publication" and substituting therefor the words "shall be deemed to have come into effect on 14th October, 2026".

Justification

The amendment seeks to align the commencement date of the Act to ensure the continuity of the extension of the application of the reduced Value Added Tax rate of 8 per cent on premium motor spirit (petrol), illuminating kerosene and gas oil (diesel).

THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FIFTH SESSION - 2026

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING.
ADOPTION LIST

REPORT ON TAX LAWS (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO.65 OF 2026)

We, the Members of the Departmental Committee on Finance and National Planning have pursuant to Standing Order 199 adopted this Report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity today **Thursday, 15th October, 2026.**

S/NO.	**NAME**	**SIGNATURE**
1.	HON. (FCPA). KURIA KIMANI, CBS, MP - **CHAIRPERSON**	
2.	HON. (AMB). BENJAMIN KIPKIRUI LANGAT, CBS, MP – **VICE CHAIRPERSON**	
3.	HON. KALUMA PETER OPONDO, CBS, MP	
4.	HON. GEORGE SUNKUYIA RISA, MP	
5.	HON. (FCPA) JOSEPH MAERO OYULA, MP	
6.	HON. ANDREW ADIPO OKUOME, MP	
7.	HON. DAVID MWALIKA MBONI, MP	
8.	HON. CHIFOROMODO MANGALE MUNGA, MP	
9.	HON. GATHONI WAMUCHOMBA, MP	
10.	HON. (CPA) JULIUS KIPLETTING RUTTO, MP	
11.	HON. PAUL KIBICHIY BIEGO, MP	
12.	HON. UMUL KER SHEIKH KASSIM, MP	
13.	HON. DR. SHADRACK MWITI ITHINJI, MP	
14.	HON. DR. JOHN ARIKO NAMOIT, MP	
15.	HON. MOHAMED SOUD MACHELE, MP	

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT - FIFTH SESSION-2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES

MINUTES OF THE 84TH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD ON TUESDAY 14TH OCTOBER, 2026 IN THE COMMITTEE ROOM 10 ON 2ND FLOOR, BUNGE TOWER AT 10:30 A.M

PRESENT

1. Hon. FCPA. Kuria Kimani, CBS, MP - **Chairperson**
2. Hon. Peter Kaluma, CBS, MP
3. Hon. David Mwalika Mboni, MP
4. Hon. CPA. Julius Kipletting Rutto, MP
5. Hon. Umul Ker Sheikh Kassim, MP
6. Hon. (Dr.) Shadrack Mwiti Ithinji, MP
7. Hon. (Dr.) John Ariko Namoit, MP
8. Hon. George Sunkuyia Risa, MP

ABSENT WITH APOLOGY

1. Hon.FCPA (Amb.) Benjamin Kipkirui Langat, CBS, MP - **Vice-Chairperson**
2. Hon. Andrew Adipo Okuome, MP
3. Hon. Paul Kibichiy Biego, MP
4. Hon. Chiforomodo Munga Mangale, MP
5. Hon. FCPA. Joseph Maero Oyula, MP
6. Hon. Mohamed Soud Machele, MP
7. Hon. Gathoni Wamuchomba, HSC, MP

COMMITTEE SECRETARIAT

1. Ms. Tracy Chebet - Principal Clerk Assistant II
2. Ms. Winfred Kambua - Clerk Assistant III
3. Mr. Benson Kamande - Clerk Assistant III
4. Ms. Emily Akinyi - Hansard Reporter III
5. Mr. Salem Lorot - Senior Legal Counsel
6. Mr. Allan Kimani - Administrative Officer II
7. Mr. Eugene Lutesh - Audio Reporter
8. Mr. Jared Onyancha - Public Communications Officer III
9. Mr. George Ndejeshe – Fiscal Analyst II

AGENDA

1. Prayers
2. Preliminaries/Introductions
3. Communication from the Chairperson
4. Confirmation of Minutes/Matters Arising
5. **Consideration and adoption of the report on the Tax Laws (Amendment) Bill, (National Assembly Bill No. 65 of 2026)**
6. Any other Business
7. Adjournment/Date of the Next Sitting.

MIN No. NA/F & NP/2026/338: PRELIMINARIES

The meeting was called to order at 11.00 a.m. with a word of prayer by the Chairperson. This was followed by self-introductions of the Members present.

MIN No. NA/F & NP/2026/339: CONFIRMATION OF MINUTES

Confirmation of minutes of the previous sittings were differed to the next sitting.

MIN No. NA/F & NP/2026/340: CONSIDERATION AND ADOPTION OF THE REPORT ON THE TAX LAWS (AMENDMENT) BILL NO. 65 OF 2026)

The meeting deliberated at length and agreed on the recommendations contained in Chapter Five of the Report. Further the Committee agreed to amend Clause I of the Bill by deleting the words **"shall come into effect upon publication" and substituting therefor the words "shall be deemed to have come into effect on 14th October, 2026"**. The Committee noted that the amendment seeks to align the commencement date of the Act to ensure the continuity of the extension of the application of the reduced Value Added Tax rate of 8 per cent on premium motor spirit (petrol), illuminating kerosene and gas oil (diesel).

The Report was thereafter adopted as having been proposed by Hon. Julius Kipletting Rutto, MP and seconded by Hon. (Dr.) John Ariko Namoit, MP.

MIN No. NA/F & NP/2026/341: ADJOURNMENT/DATE OF THE NEXT MEETING.

The meeting was adjourned at 12.30 p.m. The next meeting will be held on notice.

SIGNED: ..... **DATE:** 14th Oct. 2026

HON. FCPA. KURIA KIMANI, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING.

SPECIAL ISSUE

Kenya Gazette Supplement No. 236 (National Assembly Bills No. 65)

REPUBLIC OF KENYA

KENYA GAZETTE SUPPLEMENT

NATIONAL ASSEMBLY BILLS, 2026

NAIROBI, 28th September, 2026

CONTENT

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NATIONAL ASSEMBLY
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THE TAX LAWS (AMENDMENT) BILL, 2026
(AMENDMENT) BILL, 2026

A Bill for

AN ACT of Parliament to amend Value Added Tax Act the Excise Duty Act and for connected purposes

ENACTED by the Parliament of Kenya, as follows—

Short title and commencement.

1. This Act may be cited as the Tax Laws (Amendment) Act, 2026 and shall come into effect upon publication.

Amendment of section 5 of Cap. 476.

2. Section 5 of the Value Added Tax Act is amended—

(a) by deleting subsection (2A) and substituting therefor the following new subsection—

(2A) Notwithstanding the provisions of subsection (2), the rate of tax for the following items shall be eight percent of the taxable value—

(a) Motor Spirit (gasoline) premium of tariff number 2710.12.20;

(b) Illuminating Kerosene of tariff number 2710.19.22; and

(c) Gas Oil (automotive, light, amber for high-speed engines) of tariff number 2710.19.31.

(b) by deleting subsection (2B) and substituting therefor the following new subsection—

(2B) The provisions of subsection (2A) shall be in effect for a period of ninety days from the date of coming into effect of this Act:

Provided that the Cabinet Secretary may by notice in the *Gazette*, extend the period under this subsection for a further ninety days.

Amendment of the First Schedule to Cap.472.

3. The First Schedule to the Excise Duty Act is amended in the description of "Imported ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing; finishing ceramics of tariff 6907" by deleting the corresponding rate

of excise duty and substituting therefor the following new rate of excise duty—

"5% of the excisable value or KSh. 300 per square meter, whichever is higher"

MEMORANDUM OF OBJECTS AND REASONS

The object of this Bill is to amend the Value Added Tax Act to provide the rate of Value Added Tax on petroleum products at eight percent. This is a tax measure intended to continue cushion citizens from the rising global prices of fuel.

Additionally, the Bill amends the Excise Duty Act to correct the rate of excise on tiles from based on weight measure to base on size measure.

Statement on the delegation of legislative powers and limitation of fundamental rights and freedoms

The Bill neither delegates legislative powers to the Cabinet Secretary nor does it limit any fundamental rights or freedoms.

Statement as to whether the Bill concerns counties within the meaning of Article 110(1)

The Bill does not concern County Governments in terms of Article 110 (1) (a) of the Constitution and it does not affect the functions and powers of County Governments recognized in the Fourth Schedule to the Constitution.

Statement of the Bill as a money Bill within the meaning of Article 114 of the Constitution

The Bill is a money Bill within the meaning of Article 114 of the Constitution.

Dated the 28th September, 2026.

KIMANI ICHUNG'WAH,
Leader of Majority Party.

Section 5 of Cap. 476 which it is proposed to amend —

5. Charge to tax

(1) A tax, to be known as value added tax, shall be charged in accordance with the provisions of this Act on—

(a) A taxable supply made by a registered person in Kenya;

(b) The importation of taxable goods; and

(c) A supply of imported taxable services.

(2) The rate of tax shall be—

(a) in the case of a zero-rated supply, zero per cent; or

(aa) *deleted by Act No. 4 of 2023, s. 30(a);*

(ab) *deleted by Act No. 4 of 2023, s. 30(b);*

(b) in any other case, sixteen per cent of the taxable value of the taxable supply, the value of imported taxable goods or the value of a supply of imported taxable services.

(3) Tax on a taxable supply shall be a liability of the registered person making the supply and, subject to the provisions of this Act relating to accounting and payment, shall become due at the time of the supply.

(4) The amount of tax payable on a taxable supply, if any, shall be recoverable by the registered person from the receiver of the supply, in addition to the consideration.

(5) Tax on the importation of taxable goods shall be charged as if it were duty of customs and shall become due and payable by the importer at the time of importation.

(6) Tax on the supply of imported taxable services shall be a liability of any person receiving the supply and, subject to the provisions of this Act relating to accounting and payment, shall become due at the time of the supply.

(7) The provisions of subsection (1) shall be applicable to supplies made over the internet or an electronic network or through a digital marketplace.

(8) The Cabinet Secretary shall make regulations to provide the mechanisms for implementing the provisions of subsection (7).

(9) For the purposes of this section, "digital marketplace" means an online platform which enables users to sell goods or provide services to other users.

First Schedule of Cap. 472, it is proposed to amend—

RATES OF EXCISE DUTY

Part I – EXCISABLE GOODS

Imported ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing; finishing ceramics of tariff 6907	5% of the excisable value or KSh. 50 per kilogram, whichever is higher.

REPUBLIC OF KENYA

THIRTEENTH PARLIAMENT- FIFTH SESSION (2026)

THE NATIONAL ASSEMBLY

IN THE MATTER OF ARTICLE 118 (1)(b) OF THE CONSTITUTION OF KENYA
AND
IN THE MATTER OF CONSIDERATION BY THE NATIONAL ASSEMBLY OF THE TAX LAWS (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO.65 OF 2026)

INVITATION TO SUBMIT MEMORANDA

WHEREAS, Article 118(1)(b) of the Constitution of Kenya requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees and National Assembly Standing Order 127(3) requires House Committees considering Bills to facilitate public participation;

AND WHEREAS, the **Tax Laws (Amendment) Bill (National Assembly Bill No. 65 of 2026)** was read a First Time and referred to the **Departmental Committee on Finance and National Planning** for consideration and reporting back to the House;

IT IS NOTIFIED that the **Tax Laws (Amendment) Bill (National Assembly Bill No. 65 of 2026)** is a Bill sponsored by **the Leader of the Majority Party**, which seeks to amend the Value Added Tax Act, Cap. 476 and the Excise Duty Act, Cap. 472. The amendments prescribe the rate of Value Added Tax on petroleum products at eight percent to cushion citizens from the global increase in fuel; and correct the rate of excise on tiles from a weight-based measure to a size-based measure.

NOW THEREFORE, in compliance with Article 118(1)(b) of the Constitution and National Assembly Standing Order 127(3), the Clerk of the National Assembly hereby invites the public and stakeholders to submit memoranda on the Bill to the **Departmental Committee on Finance and National Planning.**

A copy of the Bill is available at the National Assembly Table Office, Main Parliament Building, and on **www.parliament.go.ke/the-national-assembly/house-business/bills**.

The memoranda may be forwarded to the **Clerk of the National Assembly, P.O. Box 41842-00100, Nairobi;** hand-delivered to the **Office of the Clerk, Main Parliament Building, Nairobi;** or emailed to **cna@parliament.go.ke** to be received on or before **Tuesday, 13th October 2026 at 5.00 p.m.**

S. NJOROGE, CBS
CLERK OF THE NATIONAL ASSEMBLY

9th October 2026

"For the Welfare of Society and the Just Government of the People"

WeCare
•Engage •Influence •Empower

DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING MEMORANDUM ON THE TAX LAWS Amendment BILL No. 65 of 2026.

Submitted by: WeCare Youth Organization

13th October, 2026

Section A — Objective of the Bill

The Tax Laws Amendment Bill No.65 of 2026 seeks to amend the Value Added Tax Act to provide the rate of Value Added Tax on petroleum products at 8%. This is a tax measure intended to continue to cushion citizens from the rising global prices of fuel.

Additionally, the Bill amends the Excise Duty Act to correct the rate of excise on tiles from being based on weight measure to being based on size measure.

Section B—Personal Information

1. **Name**: **WeCare Youth Organization**

WeCare Youth Organization is a youth-led community-based organization committed to advancing transparency, accountability, and participatory governance amongst young people and Persons with Disabilities in Kenya. Our work focuses on strengthening public finance management, promoting equitable taxation, and ensuring that fiscal policies reflect the interests of current and future generations. WeCare convenes Transparency & Integrity Clubs in Maseno, JOOUST, GLUK, and Masinde Muliro Universities, which serve as sustainable student-led hubs for their engagement in governance and development processes in Kenya.

WeCare welcomes measures that cushion households and businesses from high fuel prices and make tax rules clear and workable. However, a tax measure must be assessed not only by its stated intention, but also by who benefits, who bears the cost, how the relief reaches consumers, what it means for public revenue and debt, and whether the public can track the results

Section C—Views on Bill

S/NO.	PROVISION ON THE BILL	RECOMMENDATION	JUSTIFICATION
1.	**Clause 1: Short title and commencement**	We recommend amending to require the Cabinet Secretary for Treasury and the Kenya Revenue Authority to publish a public implementation notice with the effective date, the affected tariff lines, the treatment of transactions in the transition period and the systems to be updated. The notice should not postpone commencement beyond what the Act permits.	Tax reforms affect pump prices, invoices, import declarations and business costs immediately. Therefore, a trader or transport operator shouldn't have to guess the rate applied to a transaction made on the date of publication. Article 10 of the Constitution requires transparency and good governance; Articles 35 and 201 support access to information and openness in public finance.
2.	**Clause 2(a): Proposed section 5(2A) of the VAT Act i.e the VAT at 8% on premium motor spirit, illuminating kerosene and specified automotive gas oil.**	Retain the reduced rate as a relief measure. We also recommend having the Energy and Petroleum Regulatory Authority and KRA publish a citizen friendly explanation of how the reduced VAT is reflected in the applicable petroleum pricing and tax treatment.	Fuel is an input into public transport, food distribution, farming, manufacturing and small businesses. lower VAT rate does not by itself guarantee that consumers receive the full benefit at the pump e.g a matatu operator may face lower tax on fuel but passengers may see no fare reduction. We make reference to Article 201 of the Constitution of Kenya which requires public finance to be transparent and accountable, while Article 46 protects consumer rights to information and fair treatment.
3.	**Clause 2(b): Proposed section 5(2B) i.e the 8% rate lasts 90 days, with a possible further 90-day extension by Gazette notice of the Cabinet Secretary.**	For purposes of transparency, we recommend amending to allow the CS Treasury to make public the reasons for extension, a fiscal impact assessment and evidence of consumers benefiting. We also recommend having a notice to Parliament and public participation to be conducted where a proposed extension impacts any statutory law that exists to not create any uncertainty about whether the 90 day extension is restarted or renewed.	There is need for clarity between a new period and the existing extensions to prevent conflicts on start and end dates with the KRA. We refer to the Constitution of Kenya on Articles 10, 35, 118 and 201 which support transparency, access to information, parliamentary participation and accountability in financial matters. The Public Finance Management Act, 2012 also requires responsible fiscal management and predictability in tax rates and tax bases.

Section D - Other Cross-cutting Issues:

a. Digital safety, data rights and tax administration

The implementation of the tax reforms will be dependent on digital tax systems, electronic invoices and revenue information. We refer to Articles 31 and 35 of the Constitution protect privacy and access to information, the Data Protection Act, 2019 and the Computer Misuse and Cybercrimes Act, 2018 and urge the committee to ensure compliance in processing personal taxpayer data because digital tax administration should be protected and accessible.

b. Taxation costs to citizens

VAT is collected through businesses but is generally borne by the consumers, and Article 201(b) of our Constitution of Kenya requires the burden of taxation to be shared fairly. We urge the committee to consider the distribution of the ta burden fairly.

Section E - Conclusion

WeCare Organization acknowledges the importance of the reforms in this Bill to cushion citizens against the global rise in fuel prices and the importation of ceramic tiles. We therefore urge the National Assembly to ensure that the tax policy reforms are transparent and equitable. WeCare Youth Organization calls for tax reforms that uphold constitutional principles of equity, accountability and effective management of public resources for future generations.

SIGNED:

DATE: 13th October 2026.

WeCare
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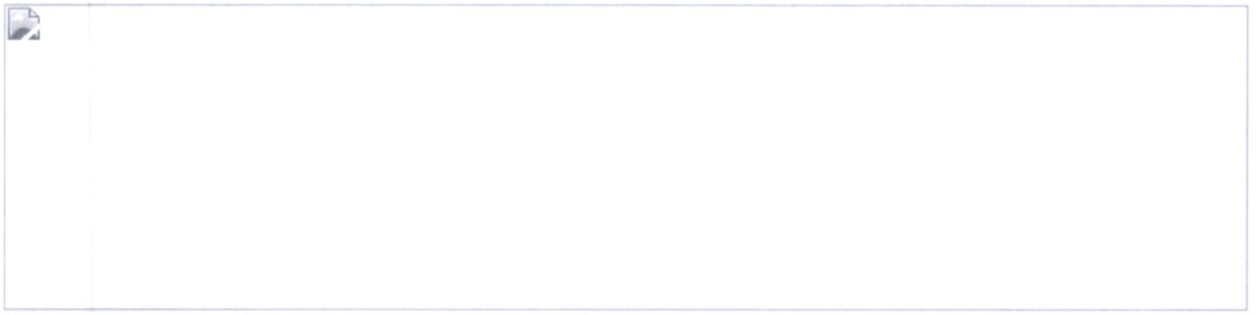

From: Shilan Zakharia <shilan@fi.co.ke>
Sent: 12 October 2026 4:04 PM
To: Clerk of the National Assembly Kenya <cna@parliament.go.ke>
Subject: REQUEST FOR REVIEW AND REVERSAL OF THE 30% EXCISE DUTY ON IMPORTED MDF, PARTICLE BOARDS AND TIMBER UNDER THE FINANCE ACT 2026

Dear Clerk of the National Assembly,

RE: REQUEST FOR REVIEW AND REVERSAL OF THE 30% EXCISE DUTY ON IMPORTED MDF, PARTICLE BOARDS AND TIMBER UNDER THE FINANCE ACT 2026

We write on behalf of **Furniture International Limited**, a Kenyan family-owned furniture manufacturing company established in the 1970s. Over the past five decades, we have grown from a small workshop into a modern manufacturing facility employing approximately 150 Kenyans, with significant investments in advanced machinery, technology, skills development and local value addition.

We wish to express our serious concerns regarding the introduction of a 30% excise duty on imported MDF, particle boards, plywood, block boards and certain timber products under the Finance Act 2026.

Whilst we fully support the Government's objective of promoting and protecting local industries, we believe this particular measure has unintended consequences that are detrimental to Kenya's furniture manufacturing sector.

We respectfully request Parliament to review and reverse this excise duty, particularly for raw materials imported by Kenyan manufacturers for local value addition, for the following reasons:

1. Local board manufacturers cannot yet meet international quality standards and product specifications

Our customers include leading financial institutions, multinational companies, hotels, property developers and other organisations that demand furniture and joinery manufactured to international standards.

Currently, local board manufacturers do not offer the same depth of product range, consistency of quality, variety of finishes, technical specifications and reliability of supply as international manufacturers.

As a result, we must continue to source certain specialised boards internationally to meet our customers' requirements. The imposition of a 30% excise duty penalises manufacturers for importing products that are not readily available locally at the required standards.

We strongly support developing the local board manufacturing industry, but believe such protection should be introduced progressively, once local manufacturers can demonstrate the capacity to meet the quality, specifications and demand of the market.

2. The duty undermines local furniture manufacturing and encourages the importation of finished furniture

Over the years, the Government has introduced measures to protect Kenyan furniture manufacturers from imported finished furniture.

In response to these policies, our company invested heavily in modern manufacturing machinery, infrastructure, skilled labour and technical capabilities to manufacture internationally competitive furniture locally.

However, introducing a 30% excise duty on the raw materials we need to manufacture these products has substantially eroded the competitive advantage these earlier policies were intended to create.

Customers can still source finished furniture from international markets, while local manufacturers now face significantly higher input costs.

This creates a contradiction in Government policy: **we are effectively being penalised for manufacturing furniture in Kenya rather than importing it as a finished product.**

The Government should incentivise companies to undertake greater local value addition, not make local manufacturing less competitive.

3. The duty threatens Kenyan jobs and existing manufacturing investments

Furniture manufacturing is a labour-intensive industry, supporting skilled and semi-skilled employment across manufacturing, joinery, machining, finishing, installation, logistics and other supporting industries.

At Furniture International alone, we employ approximately 150 people, and our operations indirectly support numerous suppliers, contractors and service providers.

As production costs increase and our competitiveness declines, local manufacturers face the risk of losing business to imported finished goods. Over time, this could lead to reduced production, fewer employment opportunities and reduced investment in Kenya's manufacturing sector.

Protecting local board production should not come at the expense of the wider furniture manufacturing industry and the thousands of jobs it supports.

4. The duty discourages further investment in local manufacturing and automation

Kenyan manufacturers require substantial long-term investment in modern machinery, technology, automation and workforce development to compete internationally.

Our company has consistently reinvested in these areas, with the objective of increasing productivity, improving quality and reducing dependence on imported finished furniture.

However, such investments require a predictable and supportive policy environment.

Introducing significant duties on essential manufacturing inputs creates uncertainty and discourages businesses from committing further capital towards expanding local production.

If Kenya is serious about building a strong manufacturing economy, it must protect both upstream raw material producers and downstream manufacturers who transform those materials into finished products.

5. The duty undermines Kenya's export competitiveness

Kenya has the potential to become a regional manufacturing hub for high-quality furniture and joinery, supplying markets across East Africa and beyond.

As Kenyan manufacturers seek to grow their export businesses, access to internationally competitive raw materials is essential.

The additional 30% excise duty increases our production costs relative to manufacturers operating in other countries, making Kenyan products less competitive in regional and international markets.

This is counterproductive to the Government's ambitions of promoting exports, increasing foreign exchange earnings and positioning Kenya as a competitive manufacturing destination.

6. The additional costs will ultimately be borne by Kenyan consumers and businesses

The impact of this excise duty extends beyond furniture manufacturers.

Higher raw material costs translate into more expensive kitchens, wardrobes, office furniture, hotel furniture, commercial interiors and other locally manufactured products.

These additional costs ultimately affect homeowners, property developers, hospitality businesses, financial institutions and other Kenyan consumers.

At a time when the Government is seeking to encourage investment, construction and economic growth, increasing the cost of locally manufactured products creates an additional burden across multiple sectors.

OUR RECOMMENDATION TO PARLIAMENT

We respectfully request the National Assembly to consider the following:

1. **Reverse the 30% excise duty** on imported MDF, particle boards, plywood, block boards and timber products used as raw materials by local manufacturers.

2. **Introduce a phased approach to protecting local board manufacturers**, linked to demonstrable improvements in local production capacity, product quality, range, consistency and availability.

3. **Engage stakeholders across the entire furniture and timber value chain** before implementing further duties, ensuring that policies protecting one segment of the industry do not inadvertently harm another.

We firmly believe that the long-term objective should be to build a strong, competitive and self-sufficient Kenyan manufacturing industry.

However, this cannot be achieved by protecting raw material producers at the expense of manufacturers who invest in machinery, create employment, develop skills and produce finished goods locally.

The objective should be to make it more attractive to manufacture furniture in Kenya than to import finished furniture. Unfortunately, the current excise duty moves us in the opposite

direction.

We therefore urge the Departmental Committee on Finance and National Planning to give this matter serious consideration and recommend the necessary amendments to reverse or exempt locally manufactured furniture inputs from this excise duty.

Yours faithfully,

Chief Executive Officer
Furniture International Limited
Nairobi, Kenya

retrak
THE RETAIL TRADE ASSOCIATION OF KENYA

Background and Purpose

RETRAK has reviewed the Tax Laws (Amendment) Bill, 2026, with particular attention to clause 3 on imported ceramic tiles under tariff 6907. Although the proposed provision reduces or clarifies the applicable excise rate as 5 percent of the excisable value or KSh 300 per square metre, whichever is higher, it retains an import-only tax that continues to raise concerns regarding affordability, fair competition, regional trade and the operating viability of compliant retailers.

The regional position is especially significant. At the 46th SCTIFI meeting in May 2025, Uganda raised concerns that Kenya's excise duty discriminated against ceramic tiles originating within the EAC. Kenya committed to initiate amendments addressing the measure. Subsequent SCFEA directives required Partner States to remove measures that contravene Articles 10 and 15 of the EAC Customs Union Protocol by 30 June 2026 and to confirm compliance by 15 July 2026. A reduction in the rate does not, by itself, address the underlying discrimination where EAC-origin tiles remain taxed as imports while comparable Kenyan products do not bear the same charge.

RETRAK therefore recommends that Parliament use the Bill to remove the excise entry for imported ceramic tiles. At minimum, qualifying EAC-origin tiles should be expressly excluded, the KSh 300 per square metre minimum should be removed, and clear transitional and recovery measures should be provided for affected retailers. The matrix below sets out the relevant provisions, their retail-sector impact, RETRAK's proposed amendments and the supporting rationale.

Clause or provision	Retail issue and impact	Proposed amendment or approach	Rationale
Clause 3 Current legal baseline for tariff 6907 **HIGH PRIORITY**	The Finance Act, 2025 already introduced 5% or KSh 300 per square metre, whichever is higher, for imported tiles. Clause 3 repeats that formula but adds that the 5% is calculated on excisable value. The Memorandum describes a change from weight to size, creating uncertainty about the provision Parliament is actually amending and whether the 2026 change is substantive or corrective.	Before enactment, publish a side-by-side text of the current First Schedule and the exact replacement. Redraft clause 3 and the Memorandum to state that the amendment clarifies the ad valorem base, if that is the intention. If another intervening law restored a kilogram-based rate, identify it expressly in the Committee report.	Tax liabilities must be ascertainable from the statute. An inaccurate baseline can produce conflicting customs assessments, retrospective demands and disputes over whether the 2025 or 2026 wording applies.

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admin@retrak.co.ke
www.retrak.co.ke
B3, South Wing, Ojijo Plaza, Plums Lane, Off Ojijo Road Nairobi, Kenya.

Clause or provision	Retail issue and impact	Proposed amendment or approach	Rationale
Clause 3 EAC-origin ceramic tiles **CRITICAL**	Clause 3 retains an excise description beginning with 'Imported' and therefore continues to capture ceramic tiles originating in Uganda and other EAC Partner States while like Kenyan tiles are not subject to the same excise. The 46th SCTIFI report records Uganda's objection, Tanzania's related NTB-001-242, and Kenya's commitment to initiate an amendment of the 2024 measure. A lower or clarified rate does not remove the discrimination.	Delete the tariff 6907 entry from the Excise Duty Act. At minimum, insert an express exclusion for ceramic tiles that qualify as originating in an EAC Partner State under the EAC Rules of Origin. The exclusion should apply from the commencement date of the corrective law and be accompanied by an immediate KRA implementation notice.	Articles 10 and 15 of the EAC Customs Union Protocol prohibit internal tariffs, equivalent charges and internal taxation that disadvantages EAC-origin goods. Kenya's recorded commitment directly concerns ceramic tiles. Any positive import-only excise remains discriminatory where the comparable domestic product bears no equivalent charge.
Clause 3 and EAC Council directives Passed compliance deadlines **CRITICAL**	The 1st Extra-Ordinary SCFEA directed Partner States to repeal offending national provisions and eliminate discriminatory duties. The 2nd Extra-Ordinary SCFEA extended the final removal deadline to 30 June 2026 and required proof of amendment or removal by 15 July 2026. Clause 3 is now before Parliament after both dates, but it retains the import-only tile excise and does not explain Kenya's compliance status.	Before the Committee reports the Bill, require the National Treasury, Attorney-General and Ministry responsible for EAC affairs to table: the Gazette status of the directives; Kenya's comprehensive list of affected goods; the compliance report due on 15 July 2026; and the legal text proposed to implement the directives. Amend clause 3 to give full effect to that record.	Article 14(3)(i) of the EAC Treaty treats Sectoral Council decisions as Council decisions, Article 14(5) addresses publication of Council directives, and Article 16 provides for their binding effect. At minimum, the signed reports are authoritative evidence of an agreed regional obligation and Kenya's own commitment. Parliament should not legislate without resolving the recorded compliance gap.

Clause or provision	Retail issue and impact	Proposed amendment or approach	Rationale
Clause 3 and the Excise Duty Act definition of imported goods EAC classification	The words 'imported ceramic tiles' may be applied to any goods entering Kenya, including Community goods that satisfy the EAC Rules of Origin. This classification risk is central to the EACJ decision in British American Tobacco (U) Ltd v Attorney-General of Uganda, where treating EAC-origin goods as imported for higher excise breached Community law, and established the supremacy of Community law over national tax legislation and protecting intra-EAC supply chains from protectionist barriers.	Amend the Excise Duty Act so that, for excise purposes, imported goods do not include Community goods originating in an EAC Partner State and accompanied by valid proof of origin. Cross-reference Article 14 of the Customs Union Protocol and the applicable EAC Rules of Origin. Train customs officers and publish the documentary requirements.	A clear statutory definition is more reliable than an informal administrative concession. It reduces inconsistent border treatment and protects retailers from assessments, demurrage and disputes caused by treating regional goods as extra-EAC imports.

Clause or provision	Retail issue and impact	Proposed amendment or approach	Rationale
Proposed new clause EIPL on ceramic products under tariff headings 6907 and 6910 **CRITICAL**	The Finance Act, 2025 added ceramic tiles and finishing ceramics under tariff heading 6907, and ceramic sanitary fixtures under tariff heading 6910, to the Third Schedule to the Miscellaneous Fees and Levies Act at an Export and Investment Promotion Levy rate of 3% The levy is imposed on imported goods and therefore adds a fiscal burden not borne by like Kenyan products. Where it is collected on qualifying EAC-origin ceramic products, it raises the same regional non-discrimination concern identified for the import-only excise duty. Clause 3 does not address this overlapping levy.	Insert a new clause amending the Third Schedule to the Miscellaneous Fees and Levies Act by deleting tariff headings 6907 and 6910, thereby repealing the EIPL on ceramic products. At the absolute minimum, expressly exclude ceramic products originating in an EAC Partner State and supported by valid proof of origin. KRA should issue immediate implementation guidance and a lawful mechanism for correcting levy collected after the effective date set by Parliament.	Articles 10, 13 and 15 of the EAC Customs Union Protocol protect duty-free intra-EAC trade, require removal of non-tariff barriers and prohibit fiscal or administrative treatment that disadvantages like products of other Partner States. Applying an import-only levy to qualifying Community goods risks operating as a charge of equivalent effect or a discriminatory fiscal measure. Full repeal is additionally justified by the cumulative burden of customs charges, excise duty, VAT and EIPL on retailers and consumers, and avoids recurring origin-classification disputes.
Clause 3 Industrial protection and lawful alternatives	If the policy objective is to protect Kenyan tile manufacturing, an internal excise imposed only on imported goods is the wrong instrument. It exposes retailers and Government to regional challenges and can fragment the EAC market. It also gives no transparent test of injury, shortage, product substitutability or duration.	Remove the import-only excise. If protection is supported by evidence, pursue an EAC-compliant Common External Tariff adjustment, safeguard, anti-dumping or other trade-remedy process focused on third-country imports. Any measure should be time-bound, evidence-based and reviewed for price, supply, competition and construction-sector effects.	This approach preserves legitimate industrial-policy space while respecting EAC-origin goods and established regional procedures. It also separates action against unfair or injurious third-country trade from ordinary retail sourcing within the Customs Union.

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Clause or provision	Retail issue and impact	Proposed amendment or approach	Rationale
	The phrase 'whichever is higher' means the effective rate can substantially exceed 5%		
Clause 3 KSh 300 per square metre floor **HIGH PRIORITY**	For a tile with an excisable value of KSh 2,000 per square metre, 5% is KSh 100, but the specific duty is KSh 300, an effective rate of 15% At KSh 1,000/sqm, the effective rate is 30% The burden falls most heavily on lower-priced products purchased by cost-sensitive households and projects.	Preferred amendment: replace the proposed rate with '5% of the excisable value'. Remove the KSh 300 minimum. If Government retains a specific element, reduce it materially, cap the total effective excise rate and require an annual evidence-based review.	A simple ad valorem rate rises with value and therefore preserves revenue progressivity. The specific floor penalizes affordable tiles, raises construction and renovation costs, and can price compliant retailers out of the market.
New transitional clause Retail recovery relief	Tile retailers report disrupted imports, stranded stock, lost sales, compressed margins and periods of commercial inactivity under earlier, uncompetitive tax proposals and rates. Clause 3 offers no recovery period and may entrench the present tax floor rather than restore viable trade.	Insert a 12-month suspension of excise duty on imported tiles under tariff 6907, followed by a rate of 5% of excisable value. If full suspension is not accepted, apply 5% without the specific floor during the recovery period and review the market after 12 months using import volumes, retail prices, employment and revenue data.	This is a proportionate, time-bound recovery measure rather than a permanent revenue concession. It allows legitimate retailers to rebuild inventory and recoup part of the losses already incurred, while preserving a defined path back to a moderate tax rate.

AAK | PROMOTING EXCELLENCE IN THE BUILT ENVIRONMENT

Architects
Engineers
Town Planners
Interior Designers
Quantity Surveyors
Landscape Architects
Construction Project Managers
Environmental Design Consultants

AAK/RA/PARL/26/1 13TH October, 2026

The Clerk of the National Assembly
Parliament Buildings,
P.O. Box 41842 – 00100
Nairobi

ATT: The Chairperson, Departmental Committee on Finance and National Planning

RE: SUBMISSION ON THE TAX LAWS (AMENDMENT) BILL, 2026 — REVIEW OF THE 30% EXCISE DUTY ON IMPORTED WOOD-BASED PANELS INTRODUCED BY THE FINANCE ACT, 2026

The Architectural Association of Kenya (AAK) welcomes the opportunity to make this submission in response to the Committee's call for public views on the Tax Laws (Amendment) Bill, 2026. We write on behalf of the built and natural environment professionals in Kenya, representing architects, planners, quantity surveyors, engineers, interior designers, construction project managers, landscape architects and environmental design professionals who design, specify, cost and deliver Kenya's buildings, and whose daily work has been directly affected by the excise duty on imported wood-based panels.

Our members prepare the designs, specifications and bills of quantities for residential, commercial, institutional, hospitality and public projects across the country.

The provision of concern and our request

The Finance Act, 2026 amended the First Schedule to the Excise Duty Act, 2015 to impose excise duty at 30% on imported wood-based panels. The measure was not in the Finance Bill as published for public participation; it was introduced at a late stage of the legislative process, so the built environment professions had no opportunity to comment on it. AAK respectfully requests that the Committee use the Tax Laws (Amendment) Bill, 2026 to **delete the 30% excise duty on imported wood-based panels in full**. Our reasons are set out below.

a) Project costs and bills of quantities have risen sharply

Since the excise took effect, our quantity surveyor members have recorded steep increases in the rates for joinery, fitted kitchens, wardrobes and board-based finishes. These increases arrive mid-project. Developers face cost overruns they did not budget for, financiers re-examine viability, and some projects are being paused or scaled down. The measure has made budgeting less predictable at a time when the construction sector needs confidence.

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b) Reversing a Success Story

In recent years, Kenyan manufacturers successfully replaced finished imports by producing high-quality kitchens, wardrobes, and fitted furniture locally—providing faster lead times, local currency pricing, and local jobs.

The new excise duty has undone this progress:

- **Higher Local Costs:** Price increases have made locally manufactured fitted furniture more expensive than imported finished goods.
- **Incentivizing Imports:** Clients are reverting to importing completed furniture (e.g., from China).
- **Policy Backfire:** A tax intended to protect local industry now penalizes local value addition and rewards finished imports.

c) Contracts signed before the change are now under strain

Many projects under construction were tendered and priced before the duty was introduced. Fixed-price contracts leave contractors and fabricators absorbing losses; fluctuation clauses pass the cost to clients. Either way, our members are dealing with claims, variations and disputes caused by a sudden tax change that no party could have foreseen at tender. This undermines the predictability the National Tax Policy seeks to provide.

d) Our clients' technical specifications cannot be met locally at present

A growing share of our clients — multinational corporations setting up in Kenya, development finance institutions, international NGOs, hotels, hospitals, schools and universities — specify materials to international standards. Typical requirements include:

- **FSC or PEFC certification** with a documented chain of custody, so the client can show the timber was legally and sustainably sourced;
- **Low or zero formaldehyde emission grades** (E1, E0, NAF/CARB P2 or equivalent) for indoor air quality;
- **Antibacterial and moisture-resistant boards** for healthcare, food preparation and wet areas;
- **Fire-rated boards** to meet fire safety requirements in public and high-occupancy buildings;
- **Green building certification** under EDGE, LEED or similar rating systems, which depend on certified, documented materials.

At this stage, local panel production cannot supply these grades with the required certification and chain-of-custody documentation. Where no local equivalent exists, the excise protects no domestic producer. It simply adds 30% to the cost of meeting a client's compulsory specification, or forces the client to import the finished product instead.

e) Kenya's design market needs choice and variety

Kenya's architects and interior designers work to global design trends. Nairobi and our other cities are now regional hubs for corporate headquarters, diplomatic missions, hospitality and premium residential development, and clients expect finishes, colours, textures and performance comparable to what they see internationally.

That depends on access to a wide range of decors and board types. Restricting that range through cost narrows design choice, lowers the quality of what Kenya builds, and weakens our country's appeal as a destination for regional investment. The point is not that every option must be imported; it is that the full range must remain available to local fabricators so they can serve this market.

f) Housing and public projects pay more too

The same panels are used in affordable housing units, schools, hospitals, county offices and other public buildings. The excise raises the cost of delivering the Affordable Housing Programme and publicly funded infrastructure, so government ends up paying part of the duty back to itself through higher contract sums, while delivering fewer units for the same budget.

g) Environmental considerations

Kenya is working to increase tree cover and protect its forests. Imported, certified engineered panels make efficient use of plantation and recovered wood, and relieve pressure on domestic forests. Making them more expensive risks pushing parts of the market towards uncertified or illegally sourced timber, which runs against national environmental goals.

h) Jobs in fabrication and installation are at risk

Behind every locally made kitchen or wardrobe are carpenters, machine operators, installers, designers and small workshops, many of them young people and informal-sector artisans. As work shifts back to imported finished furniture, those jobs and skills leave Kenya. Kenya risks becoming an import market for finished furniture and fittings, losing the local value chain that was built over many years.

Our prayers to the Committee

AAK respectfully urges the Committee to:

1. **Delete the 30% excise duty on imported wood-based panels** introduced by the Finance Act, 2026, through an amendment in the Tax Laws (Amendment) Bill, 2026.

2. Ensure that any future measure affecting construction materials is subjected to proper public participation and a cost impact assessment on housing and construction, with the built environment professions consulted.
3. Engage AAK and its member chapters as a technical resource on material specifications, local production capacity and project cost data before such measures are designed.

Yours faithfully

George A. Ndege,
President, Architectural Association of Kenya.

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From: Gabbar Bhachu <gabbar@nuvaya.africa>
Sent: 12 October 2026 11:19 AM
To: Clerk of the National Assembly Kenya <cna@parliament.go.ke>
Cc: Hitesh Mediratta <hmediratta@pgbison.co.ke>
Subject: MEMORANDUM ON THE TAX LAWS (AMENDMENT) BILL NO. 65 OF 2026

NUVAYA LIMITED

Date:
12 October 2026

TO:
The Clerk of the National Assembly
Attention: The Chairperson
Departmental Committee on Finance and National Planning
Parliament Buildings
P.O. Box 41842–00100
Nairobi, Kenya

RE: MEMORANDUM ON THE TAX LAWS (AMENDMENT) BILL NO. 65 OF 2026 — REQUEST FOR REVIEW AND REPEAL OF THE 30% EXCISE DUTY ON IMPORTED WOOD-BASED BOARDS

1. Introduction

Nuvaya Limited respectfully submits this memorandum in response to the invitation for public participation published by the National Assembly on 9 October 2026.

We recognise that the Tax Laws (Amendment) Bill No. 65 of 2026 principally addresses amendments relating to petroleum products and ceramic tiles. However, we respectfully request that the Departmental Committee on Finance and National Planning consider the existing excise duty imposed on imported wood-based boards and recommend appropriate legislative amendments.

Nuvaya Limited is a Kenyan company specialising in the supply and distribution of wood-based panels, decorative boards, furniture accessories and value-added manufacturing services.

Our investment strategy is aligned with Kenya's industrialisation agenda and the Government's objectives of promoting local manufacturing, employment creation, regional integration and increased intra-African trade under the African Continental Free Trade Area (AfCFTA).

2. Concern Regarding the 30% Excise Duty

Nuvaya Limited wishes to formally register its objection to the 30% excise duty imposed on imported wood-based products, including MDF, particleboard, plywood and blockboard, as covered by the applicable tariff classifications.

These materials are fundamental inputs for Kenya's furniture manufacturing, cabinetry, interior fit-out, construction and housing industries.

While we recognise the Government's responsibility to protect local industries and generate revenue, we are concerned that the additional excise duty places a disproportionate financial burden on businesses importing raw materials and intermediate products for further manufacturing.

The distinction between finished imported furniture and raw materials used by Kenyan manufacturers is critical.

Imposing substantial excise duty on manufacturing inputs increases the cost of local production and undermines the competitiveness of Kenyan manufacturers.

3. Existing 35% Import Duty and the Additional 30% Excise Duty

Wood-based boards covered by the relevant customs tariff provisions are already subject to an import duty of **35%**, in addition to other applicable taxes and import levies.

The imposition of a further **30% excise duty** creates a substantial cumulative tax burden.

For illustration, assuming both duties apply to the relevant import value and the excise duty base includes customs duty:

Description	Amount

Illustrative customs value	KES 100,000
Import duty at 35%	KES 35,000
Value after import duty	KES 135,000
Excise duty at 30%	KES 40,500
Value including import and excise duties	**KES 175,500**
Combined duty burden	**75.5%**

This illustration excludes VAT, import levies, freight-related adjustments and other applicable charges. Actual liability depends on the relevant HS code and statutory tax bases.

The effect is that an imported manufacturing input valued at KES 100,000 can attract KES 75,500 in customs and excise duties alone.

This has significant consequences:

- Increased raw material costs for Kenyan furniture manufacturers.
- Higher selling prices for locally manufactured kitchens, wardrobes, cabinetry and interior products.
- Reduced affordability of furniture and housing-related materials.
- Increased working capital requirements for importers and manufacturers.
- Reduced competitiveness against finished products imported from other markets.
- Discouragement of investment in local processing and manufacturing facilities.

We respectfully submit that the combined duty structure deserves urgent review.

4. Inconsistency with the Objectives of AfCFTA

Kenya has committed to the African Continental Free Trade Area, which seeks to promote intra-African trade, strengthen regional value chains, support industrialisation and progressively reduce trade barriers across the continent.

Nuvaya Limited is actively developing a regional supply and distribution network involving Kenya, Uganda, Tanzania, Rwanda and other African markets.

Our business model includes sourcing raw materials and wood-based products from African manufacturers, processing these products in Kenya and distributing value-added products within the region.

This approach is consistent with the principles of AfCFTA.

However, the imposition of a 30% excise duty on top of the existing 35% import duty significantly increases the cost of products entering Kenya and risks discouraging trade with other African countries.

Although AfCFTA tariff preferences and domestic excise taxes are governed by distinct legal frameworks, we respectfully submit that their combined economic impact should be assessed against Kenya's regional trade and industrialisation objectives.

It is difficult to achieve meaningful African industrial integration when essential manufacturing inputs face substantial cumulative taxation.

We therefore request the Government to review the treatment of qualifying African-origin wood-based products and ensure that domestic taxation policies support the development of regional manufacturing value chains.

5. Impact on Local Investment and Employment

Nuvaya is committed to investing in Kenya through the development of warehousing, distribution and value-added manufacturing capabilities.

Our business strategy includes precision board cutting, edge banding, component preparation and the supply of materials to furniture manufacturers, contractors and interior fit-out businesses.

These investments have the potential to create employment, support small and medium-sized enterprises, strengthen technical capabilities and contribute to Kenya's position as a regional manufacturing hub.

The additional excise duty presents a significant challenge to the commercial viability of these investments.

Rather than encouraging local value addition, the cumulative tax burden increases the cost of the inputs required to develop such industries.

We believe a more balanced approach to taxation would stimulate industrial investment, strengthen the formal manufacturing sector and expand the tax base through increased business activity, employment, VAT collections and corporate taxation.

6. Recommendations to the National Assembly

Nuvaya Limited respectfully requests the Departmental Committee on Finance and National Planning to consider the following recommendations.

6.1 Repeal the 30% Excise Duty on Wood-Based Boards

We request the repeal of the 30% excise duty on imported MDF, particleboard, plywood, blockboard and other affected wood-based manufacturing inputs through an appropriate amendment to the Excise Duty Act.

6.2 Recognise the Existing 35% Import Duty

We request that the existing 35% import duty be taken into consideration when evaluating the need for additional taxation.

The existing import duty already provides significant tariff protection to local producers. An additional 30% excise duty imposes a further cost on downstream manufacturers reliant on imported inputs.

6.3 Align Taxation Policy with AfCFTA Objectives

We request a review of the excise duty treatment of qualifying African-origin wood-based products to encourage intra-African trade, regional industrial integration and manufacturing investment.

Such a review should be consistent with applicable AfCFTA rules of origin, tariff commitments and domestic legal requirements.

6.4 Differentiate Manufacturing Inputs from Finished Products

We recommend that Government distinguish between finished imported furniture and intermediate materials imported for further processing and manufacturing within Kenya.

Where full repeal is not immediately achievable, consideration should be given to appropriate exemptions or remission mechanisms for qualifying manufacturing inputs.

6.5 Promote Local Value Addition

We request that fiscal policy encourage investment in manufacturing facilities, precision cutting, edge banding, furniture component production and related value-added activities.

6.6 Undertake Industry Consultation

We encourage structured engagement between the National Treasury, Kenya Revenue Authority, manufacturers, importers and industry stakeholders before introducing or maintaining substantial additional taxes on industrial inputs.

7. Conclusion

Nuvaya Limited fully supports the Government of Kenya's commitment to industrialisation, employment creation, revenue mobilisation and economic integration across Africa.

However, we are concerned that the combination of **35% import duty and 30% excise duty** on essential wood-based manufacturing inputs increases production costs, discourages investment and limits the competitiveness of Kenyan manufacturers.

The African Continental Free Trade Area presents significant opportunities for Kenya to become a regional centre for manufacturing, processing and distribution.

Realising these opportunities requires a tax framework that encourages businesses to invest in local value addition and participate competitively in African supply chains.

We therefore respectfully request the Departmental Committee on Finance and National Planning to recommend the **repeal of the additional 30% excise duty on imported wood-based boards**, while retaining an appropriate and balanced framework for customs duties and domestic industry protection.

We further request that the Committee consider these representations in its wider review of taxation policy and recommend the necessary legislative amendments, recognising that the current Bill does not expressly address wood-based boards.

Nuvaya Limited remains available to provide supporting data, industry cost assessments and further technical submissions.

Yours faithfully,

Gabbar Bhachu

For and on behalf of

NUVAYA LIMITED
Nairobi, Kenya

Antarc Ltd Submission – Tax Laws (Amendment) Bill 2026

Oct 12, 2026

The Clerk of the National Assembly Parliament Buildings P.O. Box 41842 – 00100 Nairobi

Attention: The Chairperson, Departmental Committee on Finance and National Planning

Dear Honourable Chairperson,

RE: MEMORANDUM ON THE TAX LAWS (AMENDMENT) BILL, 2026 — IMPACT OF THE 30% EXCISE DUTY ON WOOD-BASED PANELS ON KENYA'S FURNITURE RETAIL SUPPLY CHAIN

Antarc Ltd is grateful for the opportunity to submit its views on the Tax Laws (Amendment) Bill, 2026. As a furniture retailer, we do not import wood-based panels ourselves. We write because the excise duty on those panels has reached our shelves, our customers and the Kenyan manufacturers we have spent years building up as suppliers.

1. Who we are and how our supply chain changed

Antarc Ltd is a leading Kenyan retailer of office, institutional and household furniture, serving homes, businesses, schools, hospitals and public institutions through central showroom and a direct sales team. We employ 52 people directly.

For many years a large share of our range, particularly office furniture, was imported as finished product. Over the past several years we took a deliberate decision to bring that production home. We worked with Kenyan manufacturers to:

- transfer product designs, specifications and quality standards that we had previously sourced abroad;
- onboard new suppliers and help them invest in equipment and processes;
- identify the raw materials and finishes our customers expect, and encourage our suppliers to source the decors and board grades not made in Kenya, alongside locally made materials.

The result was a genuine import-substitution success. Today we place [most / 95%] of our orders for these ranges with local manufacturers, and we continue to develop new products with them. Many of our ranges combine local and imported materials, because the looks and performance our customers ask for cannot all be found in one place.

2. The provision of concern and our request

The Finance Act, 2026 introduced excise duty of 30% on imported wood-based panels such as particleboard, MDF and plywood [Bill 65 of 2026]. These panels already attract import duty of 35%. Adding a further 30% on top is, in our view, punitive for a basic manufacturing input.

We respectfully ask the Committee to **repeal the 30% excise duty on imported wood-based panels** through the Tax Laws (Amendment) Bill, 2026.

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QUALITY
TRUST
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3. How the excise is affecting our business and our customers

3.1 Importing finished furniture is becoming cheaper than buying Kenyan-made

Since the excise took effect, our local suppliers have had to raise their prices by [15-20]%. We have re-run our sourcing numbers, and for several of our core ranges it is now cheaper to import the finished product from factories in China, Turkey, Malaysia or India than to buy the same item from a Kenyan manufacturer.

This is so even though finished furniture carries high import taxes. The reason is simple: the tax on the raw materials Kenyan factories need is now close to the tax on the finished furniture they compete with. Once the input is taxed almost as heavily as the output, the advantage of making furniture in Kenya disappears, and large-scale overseas factories win on price. We did not expect a tax measure to push us back towards importing, but that is the commercial reality we now face.

3.2 Years of supplier development are at risk

We invested heavily in knowledge transfer, product development and quality systems with our Kenyan suppliers. They in turn invested in machinery, staff and training on the strength of our orders. If we are forced to shift volumes back to imports, that investment is stranded, local capacity built over years is lost, and it will not be easily rebuilt.

3.3 Local sourcing gave us cash-flow and lead-time advantages that the economy shared

Buying locally transformed how we run our business:

- **No capital tied up in imports.** We no longer paid foreign suppliers months in advance, in foreign currency, for goods still at sea.
- **Shorter lead times.** Our suppliers could deliver in weeks rather than months, so we ordered closer to actual demand.
- **Less stock and less risk.** We held lower inventory, reduced obsolete stock and responded faster to changing customer tastes.
- **Less pressure on foreign exchange.** Payments stayed in shillings, within the Kenyan economy.
- **Better after-sales service.** Repairs, spare parts, customisation and warranty support were available locally.

A return to imported finished goods reverses all of this, raising our costs, our currency exposure and, ultimately, prices to the consumer.

3.4 Our customers' expectations require a mix of local and imported materials

Offices, institutions and households increasingly expect contemporary designs, finishes and colours that match international trends. Not every decor, texture or board grade is produced in Kenya. Our ranges therefore depend on Kenyan manufacturers being able to combine local materials with imported ones at a reasonable cost. Taxing the imported share heavily does not make the missing materials appear locally; it only makes the finished product more expensive or pushes it offshore.

3.5 Our institutional and corporate buyers require certified materials

Most of our business comes from corporates, multinationals, banks, development agencies, hospitals, universities and government institutions. Their procurement and sustainability policies now set out material requirements that we must prove, document by document, before an order is accepted or a tender is awarded. These typically cover:

- proof that the wood content comes from responsibly managed forests, with FSC or PEFC chain-of-custody certificates traceable through to the finished item;
- formaldehyde emission ratings (E1, E0 or no-added-formaldehyde) to protect indoor air quality in offices, classrooms and wards;
- antimicrobial and easy-clean surfaces for healthcare, laboratory and food-service settings;
- moisture resistance and fire performance ratings for specific environments;
- supporting documentation for the client's own ESG reporting and green building ratings.

The board grades that carry these certifications are not currently produced in Kenya. Our local manufacturing partners can only meet these orders by importing the certified panels. The excise therefore falls hardest on exactly the compliant, specification-driven work that our institutional clients cannot source any other way. It gives these clients a strong reason to buy certified finished furniture directly from abroad instead.

3.6 Kenyan households and institutions are paying more

Furniture is not a luxury. Households furnishing a home, small businesses fitting out an office, and schools and hospitals equipping their buildings all face higher prices. We have already seen [describe effect on sales volumes / customers trading down / postponed orders]. In a period when consumers are under pressure, this measure adds to the cost of living and the cost of doing business.

3.7 High taxes will feed illicit and undervalued trade

We are concerned about what we are beginning to see in the retail market. When the tax burden on an everyday product rises beyond what consumers can afford, demand does not disappear; it finds other channels. We expect to see more furniture and panels entering through smuggling, under-declaration and misclassification, and being sold by traders who pay little or no tax.

Compliant retailers and manufacturers then compete against goods that have avoided the duty altogether. Those goods also bypass quality and safety standards, leaving consumers with inferior products. The fiscus loses not only the excise but the import duty, VAT and income tax that legitimate trade would have paid.

3.8 Institutional and framework contracts are under pressure

Much of our office and institutional business is supplied under tenders and framework agreements with corporates, government agencies, counties, schools and universities. These were priced before the excise was introduced. We are now caught between honouring agreed prices at a loss and seeking price revisions that our public and private clients find difficult to accept. Future public tenders will simply cost the government more.

3.9 Jobs and tax revenue across the value chain

Local furniture production supports jobs in factories, workshops, transport, installation and our own showrooms. It also generates VAT, PAYE and corporate tax in Kenya. When production moves to overseas factories, those jobs and that tax base move with it. A measure intended to raise revenue risks shrinking the base it relies on, and runs counter to the Government's Buy Kenya, Build Kenya agenda.

4. Our requests to the Committee

Antarc Ltd respectfully requests that the Committee:

1. **Repeal the 30% excise duty on imported wood-based panels** in the Tax Laws (Amendment) Bill, 2026, restoring the position before the Finance Act, 2026.
2. Recognise that taxing manufacturing inputs at nearly the same level as finished goods undermines local production, and avoid this in future tax measures.
3. Direct that future changes affecting the furniture value chain are preceded by consultation with manufacturers, retailers and consumers, and by an assessment of their effect on prices, jobs and illicit trade.

5. Conclusion

Kenya's furniture retailers and manufacturers have shown that products once imported can be made competitively at home. The 30% excise on wood-based panels threatens to undo that progress, raise prices for Kenyan families and institutions, and open the door to illicit trade. We urge the Committee to repeal it, and we would welcome the opportunity to appear before the Committee to expand on this memorandum.

Yours faithfully,

Ashit G Shah

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LIVING IN STYLE

13.10.2026

The Chairperson
Departmental Committee National Planning and Finance
National Assembly, Parliament Buildings, Parliament Road
Nairobi Kenya

Hon. Chair,

RE: Memorandum Seeking Repeal of 30% Excise Duty on Imported MDF, Particle Board, Block Board and Plywood Introduced Under Clause 36 of the Finance Act, 2026

We submit this memorandum to respectfully request the repeal of the 30% excise duty introduced by Clause 36 of the Finance Act, 2026 on imported MDF, particle board, block board and plywood.

This duty is imposed in addition to the existing 35% EAC CET import duty and has had a direct negative impact on the local economy. It has increased the cost of production of locally made furniture such as office desks, office cabinets, wardrobes, office workstations and conference tables, and it has also increased the cost of construction due to high costs of installing kitchen cabinets, wardrobes and joinery, contrary to the Government's primary push for the Affordable Housing Program

Imported Finished furniture currently attracts 45% import duty plus 30% excise, while raw boards now attract 35% import duty plus 30% excise. The effective duty difference between the two is therefore minimal. By levying the 30% excise on boards, the Government has negated the tariff barrier it worked so hard to create to discourage importation of finished furniture and encourage local fabrication. We need to reestablish the government's principal aim of spurring local furniture production

We propose that this amendment be repealed and Kenya reverts to the EAC CET 2022 duty structure of 35% import duty on the affected tariffs. There is an urgent need to lower the cost of local furniture manufacturing. The Government has done commendable work in pushing local manufacturing through tariff barriers, and we should not antagonize the same industry by increasing the cost of its primary raw materials. Removal of this excise duty will be a direct support to the Affordable Housing Program.

Additionally, local MDF production has significant negative environmental effects due to pressure on unsustainable forestry and natural forest depletion. Imported MDF, in contrast, is largely produced from sustainably managed plantation forests in exporting countries.

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Encouraging importation therefore protects Kenya's remaining forests while supporting local value addition

Local manufacturers are also currently not able to produce high-quality boards, or in the variety demanded by local consumers, and the industry remains nascent. Local producers are unable to consistently produce E-rated boards such as E1 and E0 with low formaldehyde emissions, which are now required by consumers, institutions, and for export markets. Imported boards fill this critical quality gap.

Furthermore, the amendment violates Articles 10 and 15 of the EAC Customs Union Protocol, which prohibit internal tariffs, equivalent charges and internal taxation that disadvantage EAC-origin goods. Kenya has repeatedly agreed to honor the removal of tariff barriers as resolved in the 46th Meeting of the EAC Sectoral Council on Trade, Industry, Finance and Investment held in Arusha from 26th to 30th May 2025, and under the SCFEA directive requiring Partner States to remove all measures contravening Articles 10 and 15 by 30th June 2026.

Finally, Kenya has hundreds of registered furniture manufacturers and fabricators who employ thousands of citizens, but no large-scale commercial MDF board producers who can meet quality and variety. If we maintain a high import duty regime to protect a non-existent upstream industry, we punish the real industry, which is local furniture making. Allowing MDF importation at 35% import duty without excise duty will reduce furniture prices, increase production, and protect more jobs than the current duty protects. The existing 35% import duty is sufficient protection for local board manufacturers.

We request your able committee reconsiders the June decision and repeals excise duty on tariffs 4410, 4411, 4412.

Appendix one. Comparison of import duties between MDF boards and Finished Furniture

Import duty	Excise (30% of value + duty)	Total before VAT	
Finished furniture	**45**	**43.5**	**188.5**
Raw boards	**35**	**40.5**	**175.5**

Appendix two- A summary of considerations to be made:

Clause / Provision	Clause Impact	Proposed Amendment & Approach	Rationale
Clause No. 36 Finance Act 2026 - Amendment to The First Schedule to the Excise Duty Act by Introducing 30% Excise Duty on Imported MDF of tariff number 4411.12.00, 4411.13.00, 30% of the 4411.14.00, 4411.92.00, 4411.93.00, 4411.94.00 & Imported particle boards of tariff number 4410.11.00, 30% of the 4410.19.00, 4410.90.00 & Imported Block board of tariff number 4412.51.00, 30% of the 4412.52.00, 4412.59.00, 4412.91.00, 4412.92.00, 4412.99.00 & Imported Plywood of tariff number 4412.10.00, 30% of the 4412.31.00, 4412.33.00, 4412.34.00,4412.39.00	Has increased cost of production of locally made furniture such as office desk, office cabinets, wardrobes, office work stations, conference tables.	Repeal of this amendment, To revert to provided duty structure of EAC CET 2022 - 35% import duty on affected tariffs	there is need to lower cost of local manufacturing of furniture. Government has done a lot of work in pushing local manufacturing of furniture including erecting tariff barriers, we should antagonize them by increase cost of primary raw materials
			Removal of this excise duty will be a direct support of Government Push for Affordable Housing Program

	Has also increased cost of construction contrary to governments primary push for affordable housing due to high costs of installing kitchen cabinets, wardrobes, joineries		Additionally, Amendment to the Finance Act 2026 violated articles 10 & 15 of the EAC protocol . Articles 10 and 15 of the EAC Customs Union Protocol prohibit internal tariffs, equivalent charges and internal taxation that disadvantages EAC-origin goods. Kenya has repeated agreed to honor removal of tariff barriers as intimated in 46th SCTIFI meeting & agreement to honor compliance to non tariff barriers under SCFEA directives that required Partner States to remove measures that contravene Articles 10 and 15 of the EAC Customs Union Protocol by 30 June 2026
			Kenya has hundreds of registered furniture manufacturers and fabricators who employ thousands, but no large-scale commercial MDF board producers. If we keep import duty high on raw MDF to protect a non-existent upstream industry, we punish the real industry-local furniture making. Allowing MDF importation at import duty of 35% and without excise duty will reduce furniture prices, increase production, and protect more jobs than the duty protects today. An import duty rate of 35% is a sufficient protection to the local board manufacturers.

			The production of Medium-Density Fiberboard (MDF) in Kenya poses notable environmental risks, primarily driven by chemical emissions, heavy energy demands, and unsustainable timber sourcing. It is crucial to ensure that the wood used in MDF production comes from sustainably managed forests which we currently acutely short off

Yours Faithfully
For Tile & Carpet Centre
A manufacturer of Mitii - A brand of hand-made Kenyan furniture

Kushal Sanghrajka
Head of Department - Mitii

It's PG Bison.

NATIONAL ASSEMBLY
RECEIVED
13 OCT 2026
CLERK'S OFFICE
P. O. Box 41842, NAIROBI.

PG BISON

MEMORANDUM

TO: The Clerk of the National Assembly, Parliament Buildings, P.O. Box 41842–00100, Nairobi

ATTENTION: The Chairperson, Departmental Committee on Finance and National Planning

FROM: PG Bison Kenya Limited, P.O. Box 45221–00100, Nairobi

DATE: 13 October 2026

SUBJECT: **Submission on the Tax Laws (Amendment) Bill, 2026 — repeal of the 30% excise duty on imported MDF, particleboard, plywood and blockboard introduced by section 36(a)(xiii) of the Finance Act, 2026**

1. PG Bison Kenya

1.1 A leading manufacturer

1.1.1 PG Bison Kenya has been part of Kenya's industrialisation journey for 25 years. We are a furniture manufacturer, producing kitchens, living and bedroom furniture, and office furniture. We operate two state-of-the-art manufacturing facilities, in Nairobi and Mombasa, which are the **largest and most technologically advanced of their kind in the East African Community**. Over the last two years we have invested **approximately KShs 700 million** in Kenya to expand capacity, and we employ 300 people directly. Our core board is sourced under the preferential terms of the Tripartite Free Trade Area (TFTA) and the African Continental Free Trade Area (AfCFTA), and the value is added here in Kenya.

1.2 Building Kenya's SME furniture value chain

1.2.1 PG Bison Kenya manufactures; it does not go to site. Instead of building its own installation business, it has deliberately developed independent small businesses as its channel to market. We have trained and supported **more than 2,000 independent installers**, most of them in the informal sector. We have taught them to design furniture, plan and lay out kitchens, wardrobes and fit-outs, and install on site, and we have opened the door for them to take on substantial projects in their own right.

1.2.2 The result is that work customers would once have met with imported finished furniture is now designed, made and installed by Kenyan SMEs. This is exactly the large-firm-to-SME linkage that Government has been promoting, and PG Bison Kenya has led it. These SMEs are the businesses least able to absorb a sharp rise in the cost of their main material, and the first to lose work when imported furniture becomes the cheaper option.

2. The problem the excise was meant to solve

2.1 Section 36(a)(xiii) of the Finance Act, 2026 **imposed, for the first time, excise duty at 30%** of the excisable value on imported MDF, particleboard, plywood and blockboard (tariff headings 44.10, 44.11 and 44.12).

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KENYA'S BEAUTIFUL SPACES BEGIN HERE

2.2 **The proposal came from local board producers concerned about imports from Uganda and Tanzania**. Their concerns were trade diversion and tariff arbitrage (panels routed through those countries to take advantage of preferential regimes and duty waivers), under-declaration of values and quantities at the border, abuse of the EAC rules of origin, and low-gauge or substandard product sold below market.

2.3 These two countries dominate the trade. **About 72% of Kenya's imported MDF, particleboard, plywood and blockboard comes from Uganda and a further 8% from Tanzania**. Uganda alone supplied USD 61.3 million (152 million kg) in 2025:

Exports from Uganda to Kenya, 2025	Value (USD)	Quantity (kg)
MDF	25,473,415	70,363,799
Particleboard	19,146,817	64,707,403
Plywood and blockboard	16,708,066	17,141,559
Total	**61,328,297**	**152,212,762**

2.4 At a subsequent sector meeting held by an industry association and attended by members of the value chain, the producers who raised these concerns **acknowledged that they never intended the excise to fall on Kenyan furniture manufacturers**, who already import these materials at the full 35% rate. They were seeking a specific solution for imports from neighbouring Partner States. The measure as enacted therefore reaches well beyond the problem it was meant to address.

3. The remedy already existed in law

3.1 The concerns put to the Committee are real, and we share the objective of addressing them. **Each, however, has a remedy that already exists in law**, and none is resolved by a tax that applies to all imports alike.

Concern raised	In substance	Remedy already available
Trade diversion and tariff arbitrage	Panels routed into Kenya through Uganda and Tanzania to benefit from preferential regimes	Verification of certificates of origin; denial of preference and collection of full duty under the EAC Customs Management Act
Asymmetric incentives in Partner States	Neighbouring manufacturers importing inputs duty-free under EPZ or remission schemes	Rules-of-origin enforcement; application of the full CET where preference is not warranted
Under-invoicing	Under-declared quantities and values at the border	KRA valuation powers, specific duty rates already in force, post-clearance audit, border controls
Dumping and substandard product	Low-gauge or non-compliant boards and timber sold below market	KEBS standards enforcement
High local production costs	Energy, labour, resin and fuel costs in Kenya	Economy-wide competitiveness measures. These costs affect every manufacturer, not this sector alone

3.2 To our knowledge, **no verified report from KRA on the extent of rules-of-origin abuse has been placed before Parliament or shared with stakeholders.** Establishing whether Ugandan manufacturers are routing non-originating panels into Kenya would require a joint verification by

KRA and the Ugandan authorities, and we are not aware that one has taken place. A fiscal measure of this size would be on much firmer ground with that verification in hand.

3.3 Where abuse is established, existing law already provides the remedy. **KRA already has the power to deny preferential treatment to any consignment that fails origin verification and to collect the full 35% duty**, with penalties. Consistent use of that power would close the gap the excise was said to address.

3.4 The evidence since July bears this out. Customs data show that trade from Uganda and Tanzania has remained active and elevated through July, August and September 2026, after the excise took effect. We have also been monitoring market prices since the excise was introduced**. Traders who import from Uganda and Tanzania,** including those who have always sourced from these countries and continue to do so, **have not raised their prices**. A 30% excise that was being paid in full would be expected to show up in selling prices. That it has not suggests the excise, like the existing duty, is being avoided through misdeclaration on these routes. **The excise has therefore not had the deterrent effect that was intended.** Its full cost has fallen instead on compliant importers who declare correctly and pay in full (section 5).

4. The measure was adopted without an impact assessment

4.1 **The excise was not in the Finance Bill, 2026 when it was published and subjected to public participation.** It was introduced through a Supplementary Order Paper on 18 June 2026, **after the public participation window had closed, and was passed on the same day**. As a result, furniture manufacturers, importers and other downstream users of these materials first learned of it after it had become law.

4.2 Articles 10(2)(a) and 118(1)(b) of the Constitution require Parliament to facilitate public participation in its legislative business. Article 201(a) requires openness and public participation in financial matters. The courts have consistently held that participation must be real and meaningful: the public must have an adequate opportunity to know about and to influence a proposal before it is decided (see, for example, Robert N. Gakuru & Others v Governor, Kiambu County & 3 Others and British American Tobacco Kenya plc v Cabinet Secretary for Health & Others).

4.3 Amendments on the floor of the House are a normal and legitimate part of the legislative process. This one, however, introduced an entirely new tax on the core raw material of a whole manufacturing sector, at a rate comparable to the import duty itself. A measure of that significance would ordinarily benefit from the views of everyone it affects, and the Tax Laws (Amendment) Bill now gives the Committee the opportunity to hear them.

4.4 Paragraph 3.3.19 of the Committee's report records that the proposal came from five sawmilling and board-making companies. **Those companies made their representations in their individual capacities, not through any industry association**. Had the proposal been put forward through an association, it would have been open to that association's **members across the value chain**, including furniture manufacturers, importers and installers, who **could have tested it and responded**. Because it came from individual companies, the proposal reached the Committee without the benefit of those wider views.

4.5 The Committee rightly recognised that consultation was needed to establish whether local producers had the capacity to supply the market, and intended this to take place before the conclusion of the Second Reading. **Industrial capacity verification falls to the Ministry of Investments, Trade and Industry (MITI). Given the very short time between the close of public participation and the Second Reading**, it was not possible for that verification to be completed,

and MITI has indicated that it did not carry one out. The Committee therefore did not have the benefit of that assessment when the measure was adopted.

4.6 Without that assessment, **the measure was framed as a blanket charge on all imports of these products, from every origin, rather than as a response targeted at the specific trade that prompted it.** We recognise that the Committee was under considerable time pressure. **It was nonetheless unfair to the wider value chain that the potential harm to it was not considered before the measure was adopted.** That harm is set out in section 5.

5. The harm to compliant importers already paying the full 35% duty

The burden of the excise falls hardest on **businesses that were never part of the problem**: importers of **FTA-qualifying and other goods from outside Uganda and Tanzania,** who declare correctly, hold valid certificates of origin and **were already paying the full 35% duty**. For them, and for the manufacturers and installers they supply, the effects are as follows.

5.1 The tax position before and after the excise

5.1.1 **Before the Finance Act, 2026, imported wood-based panels already carried the highest import duty in the East African Community**: 35% of customs value, or a specific duty of USD 140 per tonne for MDF and particleboard and USD 200 per cubic metre for plywood and blockboard, whichever is higher. The specific rates were adopted precisely to deal with under-valuation. On top of import duty sit the Import Declaration Fee (2.5%) and the Railway Development Levy (2%), and VAT at 16%.

5.1.2 Excluding VAT, the tax on an imported panel was therefore 39.5% of its customs value. The 30% excise raises this to 69.5% on a simple-sum basis. Because excise on imported goods is charged on the customs value plus import duty, **the true figure is about 80% of customs value**.

5.1.3 **No other EAC Partner State taxes these inputs at anything like this level**. Several actively relieve their furniture manufacturers of duty on them:

Jurisdiction	Tax on panels (pre-Bill)	Tax on panels (post-Bill)	Kenya more expensive by (post-Bill)
Kenya	39.5%	69.5% (≈80% compounded)	—
Uganda	37.5%	37.5%	31%
Tanzania	27.7%	27.7%	41%
Tanzania (SADC-origin)	2.7%	2.7%	75%
Rwanda (duty remission)	11.9%	11.9%	61%
Burundi (duty remission)	10.0%	10.0%	64%
China / Turkey	0%	0%	75% / 64%

Tax-only comparison, landed cost indexed to a common CFR price of 100. Duty, excise, IDF, RDL or equivalent infrastructure levies included; VAT excluded.

5.2 Over-protection: what an imported panel actually costs to land

5.2.1 The tax rates above understate the real barrier, because they are expressed as a share of customs value. Wood-based panels are bulky and of low value per container, so the cost of moving them is large relative to their price. Sea freight from South Africa to Mombasa adds about 16% to the FOB value. Shipping-line and port charges, inland haulage to Nairobi, and clearing and last-mile delivery together add roughly another 16%. Before any tax is levied, **logistics alone therefore add**

about a third to the price of imported board. This is a substantial natural barrier that local producers already enjoy.

5.2.2 Import duty and the related levies are then charged on the freight-inclusive value, so they compound on top of freight. The table below is drawn from an actual landed-cost calculation for a container of 18 mm melamine-faced particleboard delivered to Nairobi, with all values indexed so that the FOB price equals 100.

Board delivered to Nairobi (FOB = 100)	Before excise	After excise
FOB value	100.0	100.0
Sea freight	16.0	16.0
Cost and freight (CFR) value	116.0	116.0
Import duty (35%)	40.6	40.6
Excise duty (30% of value plus import duty)	—	47.0
Import Declaration Fee and Railway Development Levy	6.3	6.3
Shipping-line and port charges	5.5	5.5
Inland freight to Nairobi	8.0	8.0
Clearing agency, last-mile delivery and insurance	2.4	2.4
Landed cost in Nairobi, excluding VAT	**178.8**	**225.8**
Landed cost as a multiple of FOB	**1.79x**	**2.26x**

Source: PG Bison Kenya landed-cost calculation, 18 mm melamine-faced particleboard, prices effective 1 June 2026, indexed to FOB = 100.

5.2.3 Before the excise, a sheet of board bought abroad for 100 already landed in Nairobi at 179, a factor **of 1.79x. Of the 79 added, about 32 was freight and logistics and about 47 was duty** and levies. **That is already a very high level of protection by any standard.**

5.2.4 **The excise** is charged on the value plus import duty, a base already inflated by both freight and duty. On its own it adds about 47 points, **more than all freight and logistics costs combined**, and **takes the landed cost to 226, a factor of 2.26x**. Taxes now amount to about 81% of the cost-and-freight value, against about 40% before. The excise alone has raised the landed cost of board by about 26%.

5.2.5 Panels imported from outside the EAC were therefore already landing at 40–60% above the price of equivalent locally produced board before any importer's margin. They were not competing with local producers on price. They are bought for designs, finishes and specifications that are not produced locally (section 5.4). Domestic and imported supply are complementary.

5.2.6 Local producers who were already protected by a landed-cost factor of 1.79x did not need a further layer of protection in order to be viable. The excise adds no efficiency. It widens the price umbrella under which board prices can rise, and that cost is passed on to every furniture maker, kitchen and cabinet maker, joiner, shop-fitter, contractor, school, office and household in the country.

5.3 The excise makes imported furniture more attractive than Kenyan manufacture

5.3.1 Some years ago Government deliberately opened a tax gap between furniture raw materials and finished furniture, and imported furniture now carries about 75% in tax (45% import duty plus 30% excise). The policy worked. Import substitution took hold, furniture factories expanded, jobs were created, buyers who had imported furniture turned to Kenyan manufacturers, and exports

began to grow. Investors, ourselves included, made long-term commitments on the strength of that policy.

5.3.2 Freight and local logistics are charged per container, not per shilling of value. A container of finished or flat-pack furniture typically carries several times the value of a container of board, so the same logistics costs are a much smaller share of its price. Applying the same cost structure to a furniture container worth three times a board container, and Kenya's rates for finished furniture (45% import duty and 30% excise), gives the following:

FOB = 100 (illustrative)	Board (raw material)	Finished furniture
Freight and local logistics	31.9	10.6
Import duty rate	35%	45%
Excise rate	30%	30%
Duty, excise and levies	93.8	99.3
Landed cost in Nairobi, excluding VAT	225.8	210.0
Landed cost as a multiple of FOB	**2.26x**	**2.10x**

5.3.3 Despite the 75% tax wall around imported furniture, **Kenya's main furniture raw material now lands at a higher multiple of its FOB value (2.26x) than the imported finished product it competes with (about 2.10x)**. This holds whatever the value of the furniture container. Even if freight and logistics cost nothing at all, imported furniture would land at 1.94x, still below board. Sound tariff policy taxes inputs more lightly than finished goods, so that value is added at home. The excise has, without that intention, reversed this.

5.3.4 **Before the excise, this import substitution had already taken place across the industry**. Over recent years, Kenyan manufacturers, PG Bison Kenya among many others, had replaced a large share of imported finished furniture with Kenyan-made product:

- household furniture made under white-label arrangements for supermarket and retail chains that had traditionally imported finished product directly;
- office furniture supplied through office-furniture retailers that had likewise relied on imports; and
- kitchens for developers and contractors, who had previously imported them in bulk as finished units.

5.3.5 **Local board producers shared directly in these gains.** Many of the factories doing this work were, and still are, customers of local board producers, so the growth in local furniture manufacturing increased the volumes they placed with them. Since the excise was introduced, customers have not accepted the higher price points. Contracts have been lost, and customers are saying plainly that it now makes more sense to go back to importing finished products. **Years of import-substitution progress across the industry are being lost quickly.**

5.3.6 The comparison with Kenya's main competitors is starker. Kenya taxes imported finished furniture at about 75% precisely to protect local manufacturers. Yet a furniture factory in China, the largest source of Kenya's imported furniture, now buys the same boards at a landed cost roughly 75% below what a Kenyan factory pays. The two figures almost mirror each other. A trader who pays Kenya's full 75% tax on Chinese furniture can still land it more cheaply than a Kenyan factory can make the equivalent piece. **In effect, and without intending to, Kenya's policy and taxation now protect the Chinese manufacturer's cost advantage, rather than the Kenyan manufacturer's market.** Imported furniture becomes the easier commercial choice, and

the jobs, investment and value addition that import substitution brought to Kenya go back abroad.

5.3.7 The same arithmetic applies within the region. **Rwanda and Burundi give their furniture manufacturers duty remission on these inputs, and Tanzanian manufacturers can source SADC-origin board duty-free.** Kenyan manufacturers now face the strongest incentive in the EAC to move production to a Partner State and ship finished furniture back into Kenya duty-free.

5.3.8 It may also work against the interests of local board producers themselves. The strong Kenyan demand for board, including from Uganda, is created by Kenyan furniture makers. Weakening furniture manufacturing weakens the very market that local board producers depend on.

5.4 Modern, certified materials that are not available locally

5.4.1 Kenyan furniture manufacturers compete directly with importers of finished furniture. That imported furniture is made with modern materials and on-trend finishes, in current designs. Kenyan consumers follow global trends and expect the same products and finishes from local manufacturers. To compete, local manufacturers must keep innovating, and that depends on being able to import the boards, decorative surfaces and finishes that, in many cases, are not available locally. **Policy should not stifle that innovation**, or reverse the progress the market has made in meeting consumer preferences with Kenyan-made products.

5.4.2 There is also increasing demand for certified and sustainable products. Developers, contractors and large corporates with sustainability built into their procurement policies now specify FSC-certified and fully traceable wood products, panels made from recycled post-industrial wood waste, and materials that contribute to green-building certification such as LEED and EDGE. **These products are not available locally**, so for these buyers the excise is simply an added cost.

5.5 The excise is wider in scope than its purpose requires

5.5.1 The excise is drawn across the whole of headings 44.10, 44.11 and 44.12, irrespective of species, grade or application, and without regard to whether the product is made in Kenya or the EAC at all. It catches, for example:

- HS 4410.12.00, 4410.19.00 and 4410.90.00, covering oriented strand board (OSB), waferboard and bagasse or bamboo board, **none of which is produced anywhere in the EAC;**
- HS 4412.10.00, bamboo plywood, which also **has no EAC producer;**
- plywood, veneered panels and blockboard made **from tropical species that are not grown or processed in the Community**; and
- specialist MDF and particleboard grades, such as moisture-resistant and fire-retardant board, for which there is no local equivalent.

5.5.2 It is unlikely that the measure was intended to reach products that local producers do not make. For these lines the excise protects no local producer, and operates purely as a cost to Kenyan manufacturers.

5.6 Penalising an investment pathway that Government itself promotes

5.6.1 Kenya offers investors a choice of pathways and invites them to pick one. An investor can manufacture in Kenya for the domestic market. An investor can set up in an Export Processing Zone or Special Economic Zone and export. Or **an investor can import raw materials under Kenya's trade agreements, from the EAC, COMESA or the wider continent under the TFTA and the AfCFTA, add value in Kenya, and supply finished products to Kenya and the region.** Government, at the highest level, has repeatedly promoted Kenya as the destination for exactly

this kind of investment, and has encouraged industry to give preference to African-produced inputs over those from outside the continent.

5.6.2 PG Bison Kenya chose the last of these pathways and built its business around it over 25 years: sourcing continental-origin board under Kenya's trade agreements, adding value in Kenyan factories, and supplying Kenya and the region. Ours is the model that Government has asked investors to adopt.

5.6.3 The **excise now penalises that choice.** Investors in EPZs and SEZs import their inputs free of these taxes, but an investor who adds value to African-origin inputs for the domestic and regional market now carries the full 35% duty and a 30% excise on top. **It is difficult for any investor to be penalised for having chosen a pathway offered by the State itself.** Left uncorrected, the measure signals to current and prospective investors that the pathways Kenya promotes can be changed without notice, and that weakens confidence in Kenya as a predictable place to invest.

5.7 Kenya's regional and international trade commitments

5.7.1 The excise applies to imported panels, while identical panels made in Kenya bear no equivalent charge. There is no exclusion for goods that qualify as EAC, COMESA, TFTA or AfCFTA originating goods. An internal tax that falls only on imports is difficult to reconcile with Article 15(2) of the EAC Customs Union Protocol, or with the **national-treatment obligations Kenya has accepted under COMESA, the TFTA and the AfCFTA.** All of these prohibit taxing imported goods more heavily than like domestic goods. In effect it operates as an additional import duty, outside the Common External Tariff, which a Partner State cannot vary unilaterally.

5.7.2 The concern has already been raised with Kenya by trading partners, **including Uganda, a fellow EAC Partner State, and South Africa**, a partner under the TFTA and the AfCFTA. Left in place, the measure invites reciprocal action against Kenyan exporters. It also damages Kenya's standing as a leading advocate of continental free trade and AfCFTA implementation, and as a predictable place to invest in regional value chains.

5.8 Wider economic and fiscal impact

5.8.1 Wood-based panels sit at the first stage of the furniture value chain, so every increase in their cost is carried through each stage below. That includes furniture factories, kitchen and cabinet makers, office and school furniture producers, contractors, retailers, and the thousands of SME and informal-sector installers described in section 1.2. It also includes the kitchens, wardrobes and doors in homes built under the Affordable Housing Programme.

5.8.2 The revenue gains may also prove limited**. As lawful landed costs rise further above what the market will pay, orders are cut and the incentive to under-declare or smuggle grows**. Lawful import volumes fall, and the import duty, excise and VAT they generate fall with them, while illicit trade becomes more profitable.

5.8.3 The measure works against several of Government's stated objectives:

Government objective	Effect of the excise
Import substitution	Makes imported finished furniture relatively cheaper
Industrialisation and manufacturing growth	Taxes a core manufacturing input
Job creation	Puts jobs in factories, workshops and installation SMEs at risk
Export growth	Raises the cost of Kenyan furniture in regional markets

Government objective	Effect of the excise
AfCFTA and TFTA integration	Penalises FTA-qualifying inputs and weakens regional value chains
Affordable housing	Raises the cost of kitchens, wardrobes and doors
Green building and climate commitments	Raises the cost of certified, traceable and recycled-content materials

6. Why partial remedies would not resolve the problem

6.1 We appreciate that the Committee may consider options short of repeal. We respectfully suggest that the following would not fully resolve the issues described above:

- **An exclusion for EAC-origin goods only.** Compliant imports qualifying under COMESA, the TFTA and the AfCFTA would remain fully penalised, the treaty exposure in section 5.7 would remain, and the measure would still miss the conduct it was aimed at.
- **Stronger enforcement with the excise retained.** Enforcement is necessary in any event, but it leaves the over-protection and the cost to compliant importers and downstream manufacturers untouched.
- **A lower excise rate.** Any excise compounds on a base already inflated by freight and duty, so even a reduced rate pushes landed costs further above a factor that was already about 1.8 times FOB, and keeps imported furniture favoured over local manufacture.

7. Recommendations

7.1 **Primary recommendation: repeal.** We respectfully recommend that the Committee repeal section 36(a)(xiii) of the Finance Act, 2026 by amending the First Schedule to the Excise Duty Act, 2015 through the Tax Laws (Amendment) Bill, 2026, so as to delete the excise duty on imported MDF, particleboard, plywood and blockboard.

7.2 **Alternative: exclude originating goods under Kenya's trade agreements.** If the Committee is not minded to repeal the excise, we ask that it be amended so that it does not apply to goods that satisfy the rules of origin of the EAC, COMESA, the TFTA and the AfCFTA. This would protect the investment pathways and continental trade agreements on which Kenyan manufacturers have built their businesses (section 5.6). It would also target the original concern precisely: goods that genuinely originate in a partner state would be excluded, while goods that fail origin verification, which is the trade that prompted the measure, would bear the full duty and excise.

7.3 In either case, we ask that the Committee direct KRA, jointly with the relevant Ugandan and Tanzanian authorities, to verify and act on the alleged rules-of-origin abuse and under-invoicing, including collecting the full 35% duty wherever preference is not warranted.

7.4 We would welcome the opportunity to appear before the Committee to expand on this memorandum and present the supporting data.

Yours faithfully,

Hitesh Mediratta
MANAGING DIRECTOR

Date: 13/10/2026

The Clerk of the National Assembly
Parliament Buildings
P.O. Box 41842 – 00100
Nairobi

Attention: The Chairperson, Departmental Committee on Finance and National Planning

Dear Honourable Chairperson,

RE: SUBMISSION ON THE TAX LAWS (AMENDMENT) BILL, 2026 — THE 30% EXCISE DUTY ON IMPORTED WOOD-BASED PANELS AND ITS EFFECT ON PREMIUM KITCHEN AND INTERIOR MANUFACTURING IN KENYA

Kitchens & Beyond welcomes the Committee's invitation for views on the Tax Laws (Amendment) Bill, 2026. We are a Kenyan interiors company that, over the past few years, moved the manufacture of our premium kitchens and wardrobes from European factories to Kenyan ones. We write because the excise duty on imported wood-based panels now threatens to send that manufacturing back abroad.

1. About Kitchens & Beyond

Kitchens & Beyond is a one-stop interiors company supplying kitchens, wardrobes, vanities, sanitaryware and tiles, supported by our own 3D design department. We serve residential clients, developers and commercial projects at the premium end of the Kenyan market.

We began over 13 years ago as an importer of Italian kitchens, and for most of our history our kitchens and wardrobes were manufactured in Europe and shipped to Kenya as finished products. We represent leading Italian and European brands known for setting global trends in design, materials, finishes and surfaces.

Over the last few years we changed that model. Working with Kenyan manufacturers, we brought the production of our kitchen and wardrobe ranges home. We shared design standards, specifications and know-how; our 3D design team worked side by side with local factories; and our partners invested in equipment and skills to meet European quality levels. **Today, most of the kitchens and wardrobes we sell are manufactured in Kenya,** to the same standard our clients previously received from Europe. We are proud of what Kenyan manufacturers have achieved.

Our clients have different needs, budgets and tastes, and we serve them all through local production. For many projects our manufacturing partners use boards and finishes made in Kenya. For others, especially premium and design-led projects, clients ask for particular decors, surfaces or performance grades that our partners source from abroad. Many of our ranges combine the

two. Local and imported materials complement each other, and this flexibility is what allows Kenyan factories to produce the full range our market demands.

This model has worked well for us, for our clients and for the economy. It is precisely the kind of import substitution and value addition that national policy seeks to encourage.

2. The provision of concern and our request

The Finance Act, 2026 imposed excise duty at 30% on imported wood-based panels, including decorative and finished boards. Our Kenyan manufacturing partners use these panels, alongside locally made boards, to meet the specific requirements of our clients.

We respectfully request the Committee to **delete the 30% excise duty on imported wood-based panels** in the Tax Laws (Amendment) Bill, 2026.

3. Grounds for our submission

3.1 Our clients expect the latest international designs and finishes

European kitchen design moves fast. Each season brings new surfaces and finishes: super-matt anti-fingerprint panels, high-gloss and lacquered fronts, synchronised wood-grain and stone textures, metallic and soft-touch decors, and specialised moisture-resistant and high-density grades. Our clients see these in international showrooms and online, and expect the same in Kenya.

Our manufacturing partners meet these expectations by combining Kenyan boards with specific imported decors and grades as each project requires. When we brought production home, the alternative to importing a particular finish was not a different board; it was importing the finished European kitchen. The excise raises the cost of making in Kenya what would otherwise be made in Europe.

3.2 The excise tips the balance back to importing finished kitchens

Since the excise took effect, the cost of producing our ranges in Kenya has risen by about 20%. Our analysis now shows that, for several product lines, importing the finished kitchen or wardrobe from our European brand partners is once again comparable to, or cheaper than, producing it in Kenya.

We would prefer not to make that switch. But as a business we cannot ask clients to pay more for a Kenyan-made product than for the European original it replaced. If the excise remains, the commercial logic will push us, and others in our segment, back to importing finished goods.

3.3 Years of capability building would be lost

Bringing production home was not a simple change of supplier. It took several years of joint work: transferring European design standards, training factory staff on precision cutting, edging and

assembly, aligning quality control, and integrating our 3D design department with local production. Our partners invested in new machinery and skilled staff on the strength of our orders.

This capability is valuable to Kenya. It lifts the standard of the whole local industry and shows that world-class kitchens can be made here. Once orders return to Europe, it will be very hard to rebuild.

3.4 Local production saves foreign exchange and shortens lead times

A premium imported kitchen carries a high value per unit, all of it paid abroad in foreign currency. Local manufacture keeps most of that value in Kenya, paid in shillings to Kenyan factories, designers and installers. Lead times have fallen from several months for European imports to a few weeks locally, letting us respond faster to clients and developers and reducing the deposits we hold in transit. Reversing this would increase foreign exchange outflows at a time when the country is working to conserve them.

3.5 Premium panels bear the heaviest burden

Because excise is charged on value, it falls hardest on high-value decorative and finished panels, the grades used in premium and design-led projects. A measure that may have been aimed at basic boards ends up adding the largest cost to the specialised materials our clients specify.

3.6 Kenya's position as a regional design destination

Nairobi is home to regional headquarters, diplomatic missions, high-end residential developments and a growing number of clients who expect international standards. Having premium kitchens designed and made in Kenya supports this position and opens the door to supplying the region from here. Pricing local production out of the market risks making Kenya a destination for imported finished goods rather than a regional manufacturing base.

3.7 Jobs and tax revenue in the value chain

Our model supports jobs in our partners' factories, in our 3D design studio, and among the installers and tradespeople who fit our kitchens. It also generates VAT, PAYE and corporate tax in Kenya. Imported finished kitchens bring in only the import duty at the border; the employment and the value addition stay abroad.

3.8 Our regional export business is losing its edge

Local manufacture opened a new opportunity for us: supplying Kenyan-made premium kitchens and wardrobes to projects in neighbouring markets. Our regional clients chose Kenya because we could match European quality with shorter lead times and closer support.

The excise has raised the cost of every unit we make in Kenya, including those we export. Our regional competitors buy the same imported materials at far lower tax, and some Partner States actively relieve their manufacturers of duty on these inputs. On regional projects we now risk losing work to suppliers who make in neighbouring countries or ship directly from Europe and Asia. A

measure meant to protect Kenyan industry is making Kenyan manufacturing less competitive in the region.

3.9 Imported panels were already well taxed

Imported panels already carried a 35% import duty, among the highest in the region, before the excise was added. Boards are also bulky and low in value per container, so freight, port charges and inland transport already add a large share to their cost before any tax is paid. Imported panels were therefore already considerably more expensive than locally produced board.

Our partners do not buy imported panels to undercut local ones. They buy them for particular decors, surfaces and performance grades that a project calls for, and use local boards wherever they meet the client's requirements. Adding a further 30% does not change that choice; it simply makes the finished Kenyan product more expensive for the client.

Meanwhile, the factories we compete with abroad face no such cost. A kitchen factory in Italy or a furniture plant in China buys its boards without a comparable tax. Kenya taxes imported finished furniture heavily precisely to give local manufacturers a fair chance. By taxing the raw material at almost the same level, the excise hands that advantage back to the foreign factory.

4. How the excise was introduced

We first learned of this tax after it had become law. The excise was not in the Finance Bill, 2026 when it was published for public comment. It was added through a Supplementary Order Paper late in the process, after the public participation period had closed.

As a result, the businesses that use these panels — furniture and kitchen manufacturers, interiors companies like ours, retailers, installers and developers — had no opportunity to explain how it would affect them. The Constitution requires public participation in legislation and openness in financial matters (Articles 10, 118 and 201). A new 30% tax on a core material of an entire value chain is exactly the kind of measure on which those affected should be heard before a decision is made.

We are also not aware of any assessment, before the measure was adopted, of how it would affect the manufacturers who use these panels, or of the market's need for the full range of grades and finishes. The Tax Laws (Amendment) Bill, 2026 now gives the Committee the opportunity to hear the views that were missed.

5. The excise has not solved the problem it was aimed at

We understand the measure was prompted by concerns about low-priced boards entering Kenya from neighbouring countries, including under-declaration of values and quantities and misuse of regional preferences. We share the aim of dealing with unfair and non-compliant trade. However, the excise does not achieve this:

- **Non-compliant trade carries on.** In the months since the excise took effect, we have not seen prices of boards sold through those regional routes rise as they would if the tax were being paid in full. The same goods appear to be entering without paying the taxes due.
- **Compliant importers bear the full cost.** Businesses that declare correctly and pay in full now carry the entire burden of a tax aimed at someone else.
- **The tools already exist.** KRA can verify origin, deny preferential treatment and collect full duty with penalties, and already has valuation powers and post-clearance audit. KEBS can act against substandard product. Enforcing these would target the problem directly.
- **It is drawn very wide.** The excise applies across whole tariff headings, including speciality grades that are not produced in the region at all, so it raises costs well beyond the trade it was meant to address.

6. Our requests to the Committee

Kitchens & Beyond respectfully asks the Committee to:

1. **Delete the 30% excise duty on imported wood-based panels** through the Tax Laws (Amendment) Bill, 2026. A reduced rate or narrow exemption would still leave Kenyan-made products at a disadvantage to imported finished goods.
2. Direct KRA to enforce existing origin and valuation rules against non-compliant imports, which is where the original concern lies.
3. Ensure that businesses investing in local value addition are consulted before future measures that affect their supply chains.

7. Conclusion

We took a deliberate decision to bring premium kitchen manufacturing to Kenya, and it has succeeded. The 30% excise was introduced without consultation, has not stopped the trade it was aimed at, and now makes it more sensible to import the finished product again. We urge the Committee to remove it so that this progress is protected, and we would welcome the opportunity to present our experience to the Committee in person.

Yours faithfully,



Name:
Managing Director
Kitchens & Beyond