


REPUBLIC OF KENYA



*Enhancing Accountability*

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**THE AUDITOR-GENERAL**

**ON**

**KENYA REVENUE AUTHORITY –  
REVENUE ACCOUNTABILITY  
STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

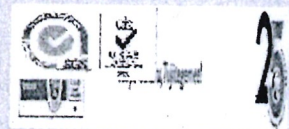


**KENYA REVENUE  
AUTHORITY**

**ISO 9001:2015 CERTIFIED**

# **REVENUE ACCOUNTABILITY STATEMENTS**

**FOR FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2020**



**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY  
STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

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**1. KEY INFORMATION AND MANAGEMENT**

**(a) Background Information**

Kenya Revenue Authority (KRA) is a statutory body established by an Act of Parliament, KRA Act Cap 469 of 1995.

**(b) Principal Activities**

The Authority's objectives are the assessment and collection of revenue, administration, enforcement of laws relating to and accounting for revenue collected under the Act.

**MISSION** Building Trust through Facilitation so as to foster Compliance with Tax and Customs Legislation.

**VISION** A Globally Trusted Revenue Agency Facilitating Tax and Customs Compliance.

**CORE VALUES**

- Trustworthy
- Ethical
- Competent
- Helpful

**(c) Key Management**

The Authority's day-to-day management is under the following key organs;

- Office of the Commissioner General,
- Domestic Taxes Department,
- Customs & Border Control Department,
- Corporate Support Services Department,
- Investigations and Enforcement Department,
- Strategy, Innovation & Risk Management Department,
- Legal Services & Board Coordination Department,
- Intelligence & Strategic Operations Department and,
- Kenya School of Revenue Administration (KESRA)

**(d) Fiduciary Management**

The key management personnel who held office during the financial period ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

- Commissioner General
- Domestic Taxes Department
- Customs & Border Control Department
- Corporate Support Services Department
- Investigations and Enforcement Department
- Strategy, Innovation & Risk Management Department
- Legal Services & Board Coordination Department
- Intelligence & Strategic Operations Department
- Kenya School of Revenue Administration (KESRA)
- Finance Division
- Procurement Division

**Githii Mburu.**  
**Elizabeth Meyo.**  
**Kevin Safari.**  
**David Kinuu.**  
**David Yego.**  
**Mohamed Omar.**  
**Paul Matuku.**  
**Terra Saidimu.**  
**Fred Mugambi.**  
**Josephat Omondi.**  
**Grace Murichu.**

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**(e) Headquarters**

Times Tower Building,  
Haile Selassie Avenue,  
P.O. Box 48240 – 00100, Nairobi, Kenya.

**(f) Contacts**

Telephone (254) 020-310900, 2810000, 315553  
Email [callcentre@kra.go.ke](mailto:callcentre@kra.go.ke) , [cic@kra.go.ke](mailto:cic@kra.go.ke)  
Website [www.kra.go.ke](http://www.kra.go.ke)

**(g) Bankers**

National Bank of Kenya Limited,  
Harambee Avenue Branch,  
P.O. Box 41862-00100 Nairobi, Kenya.

Kenya Commercial Bank Limited,  
Haile Selassie Branch,  
P.O. Box 58992-00200 Nairobi, Kenya.

Cooperative Bank of Kenya Limited,  
Co-Op House Branch,  
P.O. Box 67881-00200 Nairobi, Kenya.

Housing Finance Group,  
Rehani House,  
P.O. Box 30088-00100 Nairobi, Kenya.

**(h) Independent Auditors**

Auditor - General,  
Office of the Auditor General,  
Anniversary Towers, University Way,  
P.O. Box 30084,  
GOP 00100,  
Nairobi, Kenya.

**(i) Principal Legal Advisor**

The Attorney General,  
State Law Office,  
Harambee Avenue,  
P.O. Box 40112,  
City Square 00200,  
Nairobi, Kenya.

## **2. BOARD OF DIRECTORS**

### **1. AMB. DR. FRANCIS MUTHAURA, MBS, EGH**



Amb. Dr. Muthaura is the Chairperson for the Board of Directors of Kenya Revenue Authority (KRA). He was appointed as the Chairperson of the Board on 22nd May, 2018.

He holds a Bachelor of Arts Degree in Economics and Political Science and a Post Graduate Diploma in Diplomacy and International Relations from the University of Nairobi.

He was awarded Honorary Doctorate Degrees for Diplomacy and Public Service by Kenyatta University and the Kenya Methodist University of Kenya. He has served as a career diplomat, and held ambassadorial appointments to the European Union in Brussels and the Permanent representative to the United Nations in New York.

He is the founder Secretary General for East African Community; Permanent Secretary in the Ministries of: Information, Transport and Communications; Environment, Water and Natural Resources; Provincial Administration and Internal Security.

He served as the Head of Public Service and Secretary to the Cabinet for nine and half years before retiring from full time public service. He has previously served as a Chairman of the Lamu Port, South Sudan, Ethiopia Transport Corridor (LAPSSET) and BRITAM Holdings Limited.

### **2. HON. MRS. ROSE WARUHIU, OGW**



Hon. Mrs. Rose Waruhiu is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was first appointed as a Member of the Board on 21st October, 2016 and re-appointed for a further term of three (3) years on 21st October, 2019.

She holds a Bachelor of Arts (Economics) degree from Makerere University College, and postgraduate Certificate in Management of Higher Education from the University of Manchester. In 1990, she was appointed a Fellow at the Institute of Politics, Kennedy School of Government, Harvard University.

She worked as a senior Administrator in the University of Nairobi, early in her career, and later as a development Consultant in the private sector. She has worked as a consultant in the public sectors, undertaking assignments in policy formulation and documentation; public management; strategy development; planning and advocacy.

She has served as a Member in the Kenyan National Assembly and the East Africa Legislative Assembly. She served on the boards of Kenya Post Bank Board, Kenyatta

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National Hospital, the National Museums of Kenya and as Vice Chair of the Council of the Jomo Kenyatta University of Science and Technology .

She has held leadership positions in the Women's Organizations and Civil Society serving as Chair/Convener of several initiatives in the pro-democracy movement in Kenya .Within the women movement she was elected Chair of the University Women Association and ViceChair of National Council of Women.

Until 30th June, 2020 she was the Chairperson of the Finance, Administration and Procurement Committee and a Member of the Audit and Risk and Revenue, Strategy and Technology Committees of KRA's Board of Directors. Since 1st July, 2020 she is the Chairperson of the Audit and Risk Committee and member of the Human Resources Committee of KRA's Board of Directors.

**3. MR. PAUL ICHARIA**



Mr. Paul Icharia is a Member of the Board of Directors of Kenya Revenue authority (KRA). He was first appointed as a member of the Board on 11th November 2016 and re- appointed for a further term of three (3) years on 11th November, 2019.

He holds a Bachelor of Science (BSc) Degree in Finance, from California State University, Sacramento USA and a Master of Business Administration (MBA) in Global Management from the University of Phoenix USA. He is a professional with extensive experience in Financial Services, Business Development and Social Services Development.

He has served in senior positions at the Royal Bank of Canada (RBC) and Citigroup in the United States of America.

Until 30th June, 2020 he was a Member of the Revenue, Strategy and Technology Committee and Human Resources Committee of KRA's Board of Directors. Since 1st July, 2020 he is a member of the Finance, Administration and Procurement Committee of KRA's Board of Directors.

**4. ENG. LEONARD ITHAU**



Eng. Leonard Ithau is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was first appointed on 30th May, 2018 and subsequently re-appointed for a further term of three (3) years on 21st October, 2019.

He holds a Bachelor of Science Degree in Civil Engineering from the University of Nairobi and a Master of Science Degree in Construction Management from the University of Birmingham, England.

He has served in the public service at the Kenya Ports Authority (KPA) and as a Project Management Consultant to various private bodies in the Health, Port and Harbours/Rail, Roads, Telecommunications, Oil and Gas, Hospitality, Industrial/Commercial and Housing Sectors. He is currently the Executive Director of Quemec Limited.

He has over thirty five (35) years' experience in senior project advisory, design and construction management roles on major civil engineering, infrastructure and building works in Kenya and the broader South East Africa region.

He is a Registered Engineer with the Engineers Board of Kenya, a member of the Association for Project Management (UK) and the Institute of Directors (K).

Until 30th June, 2020 he was the Chairperson of the Revenue, Strategy and Technology Committee and Member of the Human Resources Committee of KRA's Board of Directors. Since 1st July, 2020 he is the Chairperson of the Human Resources Committee and Member of the Audit and Risk Committee of KRA's Board of Directors

**5. MR. CHARLES MAKORI OMANGA**



Mr. Charles Makori Omanga is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed as a Member of the Board on 30th May, 2018 and re-appointed for a further term of three (3) years on 18th June, 2020.

He holds a Bachelor of Science Degree in Management Information Systems from USIU – Africa and Master of Business Administration from the University of Leicester, United Kingdom.

In his early career he served in the private sector as a Relationship and Product Manager at Citibank Kenya; Regional Head, Trade Finance (EA) and Head, Public Sector at the Barclays Bank of Kenya (now Absa Bank) and Head, Corporate Banking, CFC Stanbic Bank Limited. He is currently co-Managing Principal, Horizon Africa Capital Limited which is a financial advisory firm dealing in mergers and acquisitions in East Africa. As a non-executive director, he has also served in various boards in the financial services sector including banking and stock brokerage.

He is a member of the Institute of Certified Investment, Financial Analysts (ICIFA).

He was a Member of the Finance, Administration and Procurement Committee until 30th June, 2020. Since 1st July, 2020 he is a Member of the Revenue Strategy and Technology and Human Resources Committees of KRA's Board of Directors.

**6. MR. MUKESH K R SHAH**



Mr. Mukesh K.R. Shah is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was first appointed on 30th May, 2018 and was subsequently re-appointed for a further term of three (3) years on 21st October, 2019.

He is a Director and founder of Strategic Consultants Limited, a practice that he established in 1992, which provides specialised consultancy services in the areas of strategic planning, high level advisory to family owned business, business revival and reconstruction and mergers and acquisitions to national and international clients.

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He has worked with Price Waterhouse UK and Price Waterhouse Kenya for eighteen years (18) years and held the position of partner for over nine (9) years. At Price Waterhouse, he specialized in assurance, accounting and investigations. He was an authority in the audit of banks, financial institutions, oil companies, tour operators and hotels.

He holds directorships of private companies mainly in a professional capacity and is a non-executive Director of Carbacid Investments Limited, a company listed on the Nairobi Securities Exchange and NCBA Bank Plc, a leading bank in East Africa. He advises the Boards of various family owned businesses.

He is a Fellow of the Chartered Association of Certified Accountants (UK), Member of the Institute of Certified Public Accountants of Kenya and Institute of Certified Public Secretaries of Kenya.

Until 30th June, 2020 he was the Chairperson of the Audit and Risk Committee and since 1st July, 2020 he is the Chairperson of the Revenue, Strategy and Technology Committee of KRA's Board of Directors.

**7. MRS. SUSAN MUDHUNE, MBS**



Mrs. Susan Mudhune is a Member of the Board of Kenya Revenue Authority (KRA). She was first appointed as a Member of the Board on 30th May, 2018 and re-appointed for a further term of three (3) years on 21st October, 2019.

She holds a Bachelor of Arts (Education) Degree and a Master of Business Administration degree from the University of Nairobi.

She has served in various management positions in the local banking industry for over twenty (20) years, from which she retired in 2001.

She has served as a non-Executive Director in various Boards including Safaricom (K) Limited, a position she held for nine (9) years until 2019. She is a past Chairperson of the Board of Kenya Commercial Bank Group and the Kenya Girl Guides Association. She is currently a non Executive Director of Sanlam Kenya Limited, Carbacid Group Limited and chairs the board of Kenya Innovative Finance Facility For Water (KIFFWA) Foundation.

She is a Certified Corporate Governance trainer and a Member of Women Corporate Directors (Kenya Chapter) and Institute of Directors (Kenya).

She was the Chairperson of the Human Resources Committee and a Member of the Revenue, Strategy and Technology Committee of the KRA's Board of Directors until 30th June, 2020. Since 1st July, 2020 she is the Chairperson of the Finance, Administration and Procurement Committee.

## **8. COMMISSIONER GENERAL, MR. GITHI MBURU, CBS**



Mr. Githii Mburu was appointed Commissioner General with effect from 1<sup>st</sup> July, 2019 for a period of three (3) years.

He holds a Bachelor of Commerce Degree (Accounting Option) from Kenyatta University and a Master of Science degree in Public Policy & Analysis from the Jomo Kenyatta University of Agriculture & Technology (JKUAT). He is also a Certified Public Accountant and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK).

He served as the Commissioner for Intelligence & Strategic Operations (I&SO), where he led KRA in establishing and operationalising a formidable intelligence gathering and tax investigations infrastructure which has played a critical role in combating tax evasion and in enforcing KRA's Code of Conduct. He was instrumental in the collection and dissemination of intelligence. In his role as Head of Investigations, he led various tax evasion investigations that have greatly enhanced revenue collection and border security. He led the enforcement team against illicit trade under the Multi-Agency Task Force.

Prior to joining KRA, Mr. Mburu worked as Head of Technical Standards at the Institute of Certified Public Accountants of Kenya (ICPAK) and also worked with CFC Stanbic Bank.

### **EX OFFICIO MEMBERS**

#### **1. MR. BERNARD NDUNG'U, MBS (ALTERNATE DIRECTOR TO THE CABINET SECRETARY, NATIONAL TREASURY)**



He was appointed as a Member of the Board with effect from 15th September, 2014 as the alternate to the Cabinet Secretary, National Treasury.

He holds a Bachelor's Degree in Commerce from the University of Nairobi and a Master's Degree in Public Finance Management from the University of London.

He is a public finance management specialist with extensive experience in planning and budgeting, accountancy and financial reporting, procurement and contract management, business risk analysis, systems review and re-engineering, taxation, auditing, development of process manuals, policies and procedures, and training and institutional capacity building in the public sector.

He joined the National Treasury in 2013 as the Accountant General, rising to the current position of Director General Accounting Services and Quality Assurance.

Prior to joining the National Treasury, he was a Senior Manager at Ernst and Young (EY) and a Director at PricewaterhouseCoopers (PwC) where he offered technical support in

accounting and financial reporting in the public sector in Kenya, Rwanda, Ethiopia, Erit and Somalia.

He is also the Chairman of the Public Sector Accounting Standards Board of Kenya, having been instrumental in its formation. The Board has already promulgated the applicable accounting standards for public sector entities.

He is also the Administrator and Secretary to the Advisory Board of the Equalization Fund and an alternate Board member representing the Cabinet Secretary, National Treasury at the Kenya Accountants and Secretaries National Examinations Board (KASNEB) and Kenya Medical Supplies Authority (KEMSA), among other responsibilities.

He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

**2. MS. MARYANN MUTHONI NJAU-KIMANI, OGW (ALTERNATE DIRECTOR TO THE ATTORNEY GENERAL)**



Ms. Maryann Muthoni Njau is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed as a Member of the Board on 24th March, 2017 as the alternate to the Attorney General of the Republic of Kenya.

She holds a Bachelors of Laws (LLB) degree and a Masters degree in Business Administration from the University of Nairobi. She also has a Post Graduate Diploma in Legal Studies from the Kenya School of Law.

She is an advocate of the High Court of Kenya with over thirty (30) years' post admission experience in private and public law practice.

She is also an accredited mediator and Certified Justice Rapid Response, United Nations - Women Sexual and Gender Based Violence Justice Expert with management, financial, research, consultancy and training experience and skills.

She has served as a Deputy Chief Legal Officer at the then Ministry of Justice, National Cohesion and Constitutional Affairs in 2004. She is currently the Senior Deputy Solicitor General and Secretary - Justice and Constitutional Affairs at Head of the State Department of Justice, Office of the Attorney General and Department of Justice.

She has served as a Chairperson and Member of Ministerial committees, Presidential Selection Panels and Public Service Selection Panels.

She is a Member of the Law Society of Kenya.

### **3. MANAGEMENT TEAM**

#### **1. Mr. Githii Mburu, CBS**



Mr. Githii Mburu was appointed Commissioner General of the Kenya Revenue Authority (KRA) with effect from 1<sup>st</sup> July 2019.

Prior to his appointment, Mr. Mburu was the Commissioner for Intelligence & Strategic Operations (I&SO), where he led KRA in establishing and operationalizing a formidable intelligence gathering and tax investigations infrastructure which has played a critical role in combating tax evasion and in enforcing KRA's Code of Conduct. He was instrumental in the collection and dissemination of intelligence with an estimated tax recovery of over Kshs. 250 Billion. In his role as head of investigations, he led various tax evasion investigations that have greatly enhanced revenue collection and border security.

Mr. Mburu joined KRA in May 2007 and has worked in different capacities in strengthening Tax Audit Operations in the Domestic Taxes Department. He rose through the ranks to a Deputy Commissioner for Investigations & Enforcement Department (I&ED). His efforts in I&ED played a vital role in elevating KRA's prominence in combating tax fraud, before he was appointed as Commissioner, Intelligence and Strategic Operations (I&SO).

Prior to joining KRA, Mr. Mburu worked as Head of Technical Standards at the Institute of Certified Public Accountants of Kenya (ICPAK), and also worked with CFC Stanbic Bank.

Mr. Mburu holds a Bachelor of Commerce Degree (Accounting Option) from Kenyatta University and a Master of Science - Public Policy & Analysis from the Jomo Kenyatta University of Agriculture & Technology (JKUAT). He is also a Certified Public Accountant and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK).

#### **2. Mrs. Elizabeth Odundo Meyo**



Mrs Elizabeth Meyo was appointed the Commissioner, Domestic Taxes Department with effect from 5<sup>th</sup> April, 2019 for a period of eighteen months.

She joined KRA in 1996 as an Assistant Inspector I in the VAT Department and in 1997 has served in the Customs & Excise Department Accounts Division as a Senior Accountant, and also in the former VAT Department in different capacities, until the year 2004 when she was appointed Acting Deputy Commissioner for Strategy & Projects. In 2005, she was confirmed as Deputy Commissioner in Domestic Taxes Department where she headed different functions including Compliance Operations, Large Taxpayer Office, Regional Manager - Central region and Public Sector Division. Before her appointment as Commissioner, Mrs Meyo was head of the South of Nairobi Tax Service Office.

Mrs Meyo holds a Master of Science degree in Finance from the University of Leicester, a Master of Laws (LLM) and a Bachelor of Laws degree from the University of Nairobi, a Post-

Graduate Diploma in legal education from Kenya School of Law and a Post Graduate Diploma in Corporate Governance from KCA University. She is a Certified Public Accountant (CPA-K).

### **3. Dr. David Kinuu.**



Dr. David Kinuu was appointed Commissioner for Corporate Support Services Department with effect from 1<sup>st</sup> November, 2019.

Before joining KRA, he had worked at Safaricom Ltd for more than seven (7) years in various capacities, including Head, Human Resources Shared Services and Senior Manager for Facilities, Health & Safety. Dr Kinuu also worked at different managerial roles in Shell Kenya Ltd and Oil Libya Kenya and Mozambique, among other companies.

He holds a PhD and a Masters Degree in Business Administration from The University of Nairobi, a Postgraduate Certificate in Environmental Assessment & Audit from Jomo Kenyatta University of Agriculture & Technology and Bachelors of Science degree in Mechanical Engineering from the University of Nairobi. Dr Kinuu is a member of the Institute of Human Resource Management and the Institute of Engineers of Kenya.

### **4. Dr. Teera Saidimu**



Dr. Terra Saidimu was appointed Commissioner, Intelligence & Strategic Operations with effect from 2nd December, 2019.

He has 15 years of experience in Tax Investigations and Intelligence having served in various positions in the Investigations and Enforcement Department prior to joining the Intelligence and Strategic Operations Department (I&SO) as the head of Intelligence Management Division. Until his appointment as Commissioner, Dr. Saidimu was serving as Deputy Commissioner in Intelligence & Strategic Operations Department.

Dr. Saidimu has made great achievements in multiple areas including leading KRA management in mainstreaming Ethics and Integrity, development and management of a wide range of intelligence tools and practices, which have identified taxpayers devising methods to evade taxes. He played a leading role in the ratification of the Multilateral Convention on Mutual Administrative Assistance on Exchange of Information for tax purposes.

Dr. Saidimu is a holder of Doctors degree of Philosophy in Risk Management from University of Southampton, a Master of Science in Corporate Risk and Security Management, Masters of Business Administration-Finance and a Bachelor of Business & Management-Accounting. He is a member of the Institute of Certified Public Accounts-Kenya (ICPA-K).

**5. Mr. Kevin Lewis Safari**



Mr Safari was appointed as Commissioner, Customs & Border Control Department from 18th February, 2019 for a period of three years.

He joined KRA in 1996 and has served in various positions in Internal Audit, Domestic Taxes and Customs and Border Control departments. He was instrumental in establishing the Customs Enforcement function in Customs & Border Control Department, the Medium Taxpayers Office and Account Management Divisions in Domestic Taxes Department. He held key positions at the Commissioner General's office and also served as the Regional Coordinator for Western and North Rift Regions.

Mr. Safari holds a Bachelor of Arts degree (BA – Econ. & Business Studies) from Kenyatta University and Master in Business Administration (MBA) degree from the University of Nairobi.

**6. Dr. Mohamed Mohamud**



Dr Mohamed Omar was appointed Commissioner, Strategy Innovation & Risk Management from 1<sup>st</sup> October, 2015. His contract was renewed on 1<sup>st</sup> October 2018 for another term.

He has vast experience in Strategy and Policy, spanning academia and public sector. Before joining KRA, he was the Economic Pillar Director at the Kenya Vision 2030 Delivery Secretariat, where he was responsible for providing leadership and strategic direction to the implementation of the economic pillar flagship projects. Previously, Dr Omar also worked as a lecturer at the University of Nairobi.

Dr. Mohamud is a holder of Doctors degree of Philosophy from The University of Leeds – UK, Master of Business Administration degree – MBA (E-Business) from The University of Sheffield, UK and Bachelor of Science degree (BSC-Business & Economics) from Vaxjo University, Sweden.

**7. Mr. Paul Muema Matuku**



Mr. Matuku is the Commissioner of Legal Services and Board Coordination having been appointed on 15th May 2019. He previously held the position of Deputy Commissioner of Legal Services (now Litigation). Mr. Matuku joined KRA in 1996 as a graduate trainee and has risen through the ranks to his current position as Commissioner of Legal Services and Board Coordination.

Mr. Matuku holds a Bachelors Degree in Law (LLB) from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. He is a Certified Public Secretary and a Graduate Fellow of the

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University of Sydney, Graduate School of Government: Extractive Industries: Effective Governance, Taxation and Financial Management.

He is a member of the Law Society of Kenya, the East African Law Society and the Institute of Certified Secretaries, Kenya.

He was a member of the East African Revenue Authorities Technical Committee for six years where he chaired the Legal Affairs Sub-Committee.

He has been instrumental in the development and management of dispute resolution mechanisms in KRA having overseen the take-over of defense of KRA tax disputes from the Attorney General in the year 2000 and the development and roll out of a more robust Alternative Dispute Resolution mechanism in the year 2015. He has also been instrumental in the promulgation of the National Energy Policy, 2018; Petroleum Act, 2019 and the Model Production Sharing Contract.

#### **8. Mr. David Yego**



Mr. David K.S. Yego, was appointed Commissioner, Investigations & Enforcement Department from 22<sup>nd</sup> March, 2017 for a period of three (3) years. His contract was renewed on 24<sup>th</sup> March 2020 for another term.

He has over 15 years experience in senior management having risen through the ranks from Auditor 1, Internal Audit Department to the current position of Commissioner, Investigations and Enforcement Department. He has worked in various capacities in Customs and Border Control (C&BC) Department and Commissioner General's office.

Mr. Yego holds a Master's Degree in Business Administration (MBA) from the University of Nairobi, Bachelor's Degree in Mathematics and Economics from Kenyatta University and is also a Certified Public Accountant – CPA (K).

#### **9. Dr. Fred Mugambi Mwirigi**



Dr Fred Mugambi Mwirigi was appointed as Head of the Kenya School of Revenue Administration (KESRA) with effect from 15<sup>th</sup> May, 2019.

Prior to the appointment, he had served as the Deputy Commissioner in charge of Academic and Students Affairs at KESRA since April 2016.

Dr Mugambi was the founding director of JKUAT's Mombasa Campus, where he served for seven years. He taught at JKUAT for 11 years and rose to the level of senior lecturer. Prior to joining JKUAT, Dr Mugambi taught at the Kenya Methodist University. He also served as the chairman of a task force appointed by the Education Cabinet Secretary to select the Board of the Technical and Vocational Education and Training Authority (TVETA), under the Ministry of Education. Dr Mugambi has been involved in consultancy and training tasks for many national and

international organisations across six countries. He has published 3 books and over 30 research papers.

Dr Mugambi holds a PhD in Entrepreneurship, and a Master of Science degree in Entrepreneurship from JKUAT, a Bachelor of Business Administration degree from Kenya Methodist University and a Diploma in Small Enterprise Management from Galilee International Management College, Israel.

**10. Mr. Ezekiel Saina, HSC**



He was appointed Acting Commissioner, Corporate Support Services from 16th July, 2016. He was confirmed as the substantive Commissioner on 1st June, 2016 for a period of three (3) years and later extended by three months up to September 2019.

He holds a Bachelor of Science degree (BSC) from the University of Nairobi, a Master of Business Administration degree - (MBA) from Strathmore University, , Post Graduate Diploma in Computer Science – (PGDIP Information Technology) from The University of Nairobi and a Certificate in Project Management. He retired from the Authority on 30<sup>th</sup> September 2019

## **4. CHAIRMAN'S STATEMENT**

### **Foreword**

It is my pleasure to present the Report and Revenue Accountability Statements of the Kenya Revenue Authority for the Financial Year 2019/20. This is the second Annual Report prepared within the implementation period of the Authority's Seventh Corporate Plan (2018/2019 - 2020/2021). The 7<sup>th</sup> plan provides the corporate strategic direction aimed at mobilizing government's revenue; having a competent, performance-driven, customer-focused and motivated staff; and simplifying tax administration to improve on service delivery and compliance.

The year 2019 was characterized by decelerated growth both in the global economy and in Sub-Saharan Africa. Sub-Saharan Africa's growth slightly slowed to 3.1 percent in 2019 from 3.3 percent growth in 2018. The growth in Sub-Saharan Africa was mostly supported by favorable weather conditions that led to increased agricultural production as well as high infrastructural investments.

Like Sub-Saharan Africa, Kenya experienced a decelerated growth in 2019. Most sectors recorded decelerated growth with Agriculture, Forestry, and Fishing sector accounting for a sizeable proportion of the slowdown followed by the manufacturing sector. On the other hand, the economy was supported by accelerated growth in Financial and Insurance and Real Estate activities among others. Kenya continues to be ranked favourably in the ease of doing business and as a top investment destination. In the 2020 World Bank's Doing Business Report, Kenya was ranked position 56 in 2019 moving five places from position 61 in 2018.

### **Kenya Economy**

Based on the 2020 Budget Policy Statement, the Kenyan economy remained resilient and grew by an average of 5.5 percent in the first three quarters of 2019, mostly supported by strong performance in the services sector. The growth was expected to pick up to 5.6 percent in 2019, 6.1 percent in 2020 and further to 7.0 percent over the medium term supported by a strong rebound in the agricultural output, steady recovery in industrial activities, robust performance in the services sector, and investments in strategic areas under the "Big Four" Plan. However, growth decelerated to 5.4 percent in 2019 compared to 6.3 in 2018.

The 2020 Economic survey shows that Agriculture, Forestry, and the Fishing sector accounted for the largest proportion of the slowdown, from 6.0 percent growth in 2018 to 3.6 percent in 2019. This was followed by the manufacturing sector, which grew by 3.2 percent in 2019 compared to 4.3 percent growth in 2018. The decelerated performance of the agriculture sector was due to mixed weather phenomenon in 2019 characterized by drought during the first half of the year, followed by high rainfall in the second half of the year. The value of marketed production at current prices contracted by 6.5 percent from Kshs. 498.3 billion in 2018 to Kshs. 465.7 billion in 2019. The manufacturing sector experienced a

decline in the production of wood and products of wood, sugar, electrical equipment, and other non-metallic mineral products. Formal employment in the manufacturing sector rose by 1.6 percent in 2019, and accounted for 12.1 percent of the total number of persons engaged in the formal sector in the country.

Though most sectors of the economy posted slowed growths in 2019 compared to the performance in 2018, the 2019 performance was to a considerable extent, supported by accelerated growths in Financial and Insurance Activities (6.6 percent) and Public Administration and Defense (8.1 percent). It is important to note that 2019 saw service activities contribute about two-thirds of the overall economic growth. Some of the specific service activities that significantly contributed to growth in 2019 include Wholesale and Retail Trade (9.4 percent); Transport and Storage (10.3 percent); Finance and Insurance (7.4 percent); Public Administration and Defense (5.8 percent) and Real Estate (8.3 percent).

Kenya confirmed the first COVID-19 case on 12th March 2020 and in response to the pandemic, the government announced a number of measures which included: imposition of a curfew which reduced working hours as employers and businesses; suspension of international flights which adversely affected tourism sector, accommodation, restaurant services and international trade leading to decline in imports; directive to public transport sector to operate at 60 per cent, among others.

These measures led drop in imports, devastating effect on tourism, massive job losses thus impacting negatively on tax revenue. In addition, quarterly GDP (Jan-March) reduced from 5.5% in 2019 to 4.9% in 2020. The sectors that registered substantial decline over the period are: accommodation and restaurant services (from 11% to -9.3%); manufacturing (3.5 % to 2.9%) and construction (6.1% to 5.3%).

### **Global Economy**

World real GDP recorded a decelerated growth of 2.9 percent in 2019 compared to a growth of 3.5 percent in 2018. Advanced economies are estimated to have expanded by 1.2 percent in 2019 compared to a growth of 2.2 percent in 2018. Sub-Saharan Africa's growth slightly slowed to 3.1 percent in the review period from 3.3 percent growth in 2018. The growth was mostly supported by favorable weather conditions that led to increased agricultural production as well as high infrastructural investments.

### **Revenue Performance**

During the financial year 2019/20, the Authority collected **Kshs. 1,593.918 billion** against a target of **Kshs. 1,627.596 billion**. This translates into a performance rate of **97.93%**. Exchequer revenue amounted to **Kshs. 1,496.759 billion** against a target of **Kshs. 1,517.475 billion** translating to a performance rate of **98.6%**, while **Kshs. 97.1 billion** was collected as Agency revenue against a target of **Kshs. 110.1 billion**.

## **Future Outlook**

### **Global**

World Bank projects a decline of global economic growth to around -3.0% in 2020, signaling the worst recession since the great depression. This is a drop from the annual global GDP growth of **2.9%** in 2019, with growth possibly even being negative in the first quarter of 2020. This decline is because of the COVID-19 pandemic, which has weakened global trade, disrupted the global supply chains and transport; and is projected to adversely affect global remittances.

Average growth in Africa is expected to decline from 2.4 percent in 2019 to a range of between -2.1 and -5.1 percent in 2020. This translates to a loss in output of between US\$ 37 billion and US\$ 79 billion. EAC economic growth prospects remain positive but expected to decline to an average of 2.9 percent in 2020, down from about 6.0 percent in 2019.

### **Kenya**

Kenya's real GDP decelerated to 5.4 percent in 2019 compared to 6.3 percent in 2018. The slow growth is attributed to among other factors, the declined growth in Agriculture Sector resulting from erratic weather conditions, and the distressed Manufacturing Sector. The year 2020 GDP growth is less optimistic due to the effects brought about by COVID-19 pandemic, invasion of desert locusts and floods. It is estimated that Kenya's economic growth will decline to **2.5 percent** in 2020, down from a growth of **5.4 percent** in 2019.

To mitigate the risk of not meeting the revenue targets due to subdued economic performance, KRA is implementing a number of revenue enhancement measures. These include revamping the audit function, tax base expansion, enhanced debt programme under Domestic Taxes, and the implementation of post clearance audits; review of the end use of exempt products; comprehensive audit of all exemptions, enhanced scanning and conducting intelligence led verification of cargo on the Customs side.

### **Appreciation**

On behalf of the entire Board of Directors, I wish to extend my appreciation to the National Treasury for supporting the KRA Vision of being '**A globally trusted revenue agency facilitating tax and customs compliance**'. I would like to take this opportunity to recognize the support of my fellow Board members, KRA management, and staff who worked tirelessly and collected over one trillion in revenue. The Authority registered **1.4%** growth in revenue collection despite the Covid-19 pandemic coupled with tough macroeconomic conditions in the Country

Lastly but most importantly, I wish to sincerely thank our taxpayers who have complied with their tax obligations and made it possible for us to collect the revenues. Customers are our pride and we have redesigned our Customer Service Delivery Model to ensure that the services rendered to our customers at all touchpoints are seamless and consistent, hence more satisfaction. We strongly believe that with your continued support we will weather through the storm of Covid-19 pandemic and build our nation together in the 2020/21 FY.



**Amb. (Dr.) Francis Muthaura, MBS, EGH**  
**CHAIRMAN**

## 5. COMMISSIONER GENERAL'S STATEMENT

### 1. INTRODUCTION

I am pleased to present the highlights of the Kenya Revenue Authority's revenue performance for the FY 2019/20, which is prepared against a backdrop of a weak economy owing to the COVID-19 pandemic. This is the second financial year in the 7<sup>th</sup> Corporate Plan themed as "**Revenue Mobilization through Transformation, Data-Driven decision-making, and Tax Base expansion**". KRA's target is to raise Revenue/GDP ratio from 18.3 percent as recorded within the 2017/18 financial year to 19.2 percent by the 2020/21 financial year

### 2. OPERATING ENVIRONMENT

Kenya's GDP growth rate decelerated to 5.4 percent in 2019 compared to 6.3 in 2018. According to the World Bank, the GDP is projected to decelerate further in 2020 to 1.5 percent due to the negative impact of the COVID-19 pandemic.

Key elements of the macro-economic environment included the following:

- The overall rate of inflation increased from 4.6 percent in the financial year 2018/19 to 6.0 percent in the financial year 2019/20.
- The exchange rate of Kenya Shilling to US Dollar increased to an average of 103.6 in 2019/20 FY compared to 101.2 for the 2018/19 FY.
- The CIF value of imports declined by 2.8 percent from Kshs. 1,309.9 billion in 2018/19 to Kshs. 1,272.7 billion in 2019/20.
- The average yield rate for the 91-day Treasury bill rate declined from 7.3 percent in 2018/19 FY to 6.92 percent in 2019/20FY indicating a general decline in interest rates in the economy.
- The Nairobi Securities Exchange (NSE) 20 share index moved from 2,633 points in June 2019 to 2,654 points in December 2019 but dipped to 1,966 points in March 2020 and 1,942 points in June 2020.

### 3. REVENUE PERFORMANCE

In the financial year 2019/2020, KRA collected a total of Kshs. **1,593.918 billion** thereby achieving a 1.4 percent growth in collections over the **Kshs. 1,572.032 billion** collected in the financial year 2018/19. Table 1 presents the revenue performance by department:

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**Table 1: Revenue Collection (Kshs. billion)**

Department	Actual 2019/20	Target 2019/20	Performance Rate (%)	Actual 2018/19	Growth Over 2018/19 (%)
Customs Services	511.368	519.533	98.43%	526.270	-2.83%
Domestic Taxes	1,093.663	1,121.681	97.50%	1,056.780	3.49%
Road Transport	4.007	5.102	78.54%	4.302	-6.86%
<b>Total (Gross)</b>	<b>1,609.038</b>	<b>1,646.316</b>	<b>97.74%</b>	<b>1,587.352</b>	<b>1.37%</b>
<b>Less: Provision for Refund</b>					
Customs Services	(0.720)	(0.720)	100.00%	(0.920)	-21.74%
Domestic Taxes	(14.400)	(18.000)	80.00%	(14.400)	0.00%
Road Transport	-	-	-	-	-
<b>Net Collections</b>					
Customs Services	510.648	518.813	98.43%	525.350	-2.80%
Domestic Taxes	1,079.263	1,103.681	97.79%	1,042.380	3.54%
Road Transport	4.007	5.102	78.54%	4.302	-6.86%
<b>Total (Net)</b>	<b>1,593.918</b>	<b>1,627.596</b>	<b>97.93%</b>	<b>1,572.032</b>	<b>1.39%</b>

### 3.1. Customs and Border Control Department

Total exchequer and agency customs collections during FY 2019/20 amounted to Kshs. 510.648 billion against a target of Kshs. 518.813 billion translating to a performance rate of 98.43 percent and a reduction of 2.8 percent over FY 2018/19.

Net import duty declined by 6.7% to Kshs. 98.1 billion while net excise duty grew by 0.4 percent to Kshs. 88.8 billion. Annual collections in Petroleum Taxes amounted to Kshs. 168.5 billion, a 1.5 percent decline compared to FY 2018/19 while Trade Taxes declined by 3 percent to Kshs. 324.4 billion over the same period.

### 3.2. Domestic Taxes Department

Total domestic exchequer and agency collections during FY 2019/20 amounted to Kshs. 1,079.263 billion against a target of Kshs. 1,103.681 billion translating to a performance rate of 97.79% and a growth of 4.0% over FY 2018/19.

Direct domestic taxes collected during the financial year amounted to Kshs. 757 billion representing a growth of 7.9% over FY 2018/19. Direct domestic taxes included PAYE-53%; Corporate Taxes -23%, withholding taxes -16%, and the remaining 8% comprised of individual taxes, Turn-Over-Tax, Betting/ lotteries tax, Capital Gains Tax, Rental Income Tax, and surplus funds.

Indirect taxes collected during the Financial Year amounted to Kshs. 334.65 billion representing a decline of 3.9% over FY 2018/19. This decline in indirect taxes was mainly due to a 7 % decline in domestic VAT from Kshs. 230 billion to Kshs. 214 billion and a 6.4% decline in domestic excise duty from Kshs. 59.5 billion in 2018/19 to Kshs. 55.7 billion in 2019/20. The total domestic VAT declined by 7% from Kshs. 230 billion to Kshs. 214 billion over the same period.

### 3.3. Transport Department

Transport revenue for the 2019/20 FY was Kshs. 4.01 billion and accounted for 0.25% of the total collections during the year. The collection declined by 6.8% compared to Kshs. 4.30 billion collected in 2018/19 FY.

### 3.4. Revenue performance (Pre and Post Covid-19)

A breakdown of performance of some of the tax heads pre-covid and after the pandemic is as shown in the following table.

**Table 2: Revenue Performance (Pre – and Post – Covid-19)**

	Growth over 2018/19		Reason for under-performance
	Pre-Covid-19 (Jul 2019- Feb 2020)	After the start of Covid-19 (Mar 2020 -June 2020)	
Petroleum Taxes	12%	-24%	Decline in petroleum prices and decline in business operations
Trade Taxes (imports)	3%	-16%	Decline in imports for both finished goods and raw materials
VAT	3%	-26%	Reduction in rate from 16% to 14%, Reduction in demand and output
Excise Duty	4%	-28%	Decline in sales due to COVID-19 policy measures
PAYE	11%	-14%	Lay-offs, unpaid leave and salary/wages adjustments, reduction in rate from 30% to 25%
Income tax (CIT)	8%	1%	Depressed business activities marked by decline PMI, decline in turnover, reduction in rate from 30% to 25%

### 3.5. Overview of factors underpinning revenue performance in 2019/20

Revenue performance during the 2019/20 FY was on an upward trajectory for the period preceding the COVID-19 pandemic having registered a performance rate of 101% and a growth of 11.2%. However, the pandemic and measures taken to curb its spread have had an impact on revenue collection, which saw the performance rate drop to 80% and a decline of 15.2% compared to similar period in 2018/19 FY.

Such measures include cessation of movement to and from the larger Nairobi metropolitan area, Mandera county, coastal counties of Mombasa, Kilifi and Kwale; imposition of a nationwide curfew; and enforcement of social distancing. This has affected normal business operations and resulted to shut down of some businesses and job losses. As such, tax collection has been negatively impacted by the pandemic.

In addition, the government efforts to mitigate the economic effects of the pandemic instituted a number of tax measures. These include the reduction in PAYE rates from 30% to 25%, reduction of corporate tax from 30% to 25%, reduction of VAT from 16% to 14% and reduction of ToT from 3% to 1% among others. This reduction in rates reduced the expected revenue collections.

#### **4. KEY ACHIEVEMENTS IN THE FINANCIAL YEAR 2019/20**

The key achievements during the FY 2019/20 include:

##### **Broadening the tax base**

During the 2019/20 FY, active taxpayers increased to 5.77 million by the end of June 2020. KRA is making efforts at continuous data matching and using 3rd party data to identify active taxpayers who are not yet recruited.

##### **Automation**

The Authority continued to leverage on technology and systems integration. Automation levels stood at 93% while business process automation at the end of June 2020 was 87%. Further, iTax has been integrated with several systems in government agencies, including the Public Procurement Regulatory Authority (PPRA), Business Registration Service (BRS), and Integrated Financial Management Information System (IFMIS).

Having launched iScan in October 2018, the Authority implemented an integrated scanner strategy. Ten Scanners - 5 scanners in Mombasa, 4 at the Inland Container Depot (ICD), and 1 at Namanga were integrated into the iScan System over the period under review. The scanners are a mix of drive-through, mobile, and rail scanners.

Besides, Jomo Kenyatta International Airport, Mombasa (Kilindini Port), and Namanga One-Stop Border Post Joint Operation Centers have been fully operationalized. Multi-agency teams in all International airports and one-stop border ports are also carrying out joint cargo verification.

##### **Strengthening debt and accounts management**

Within two years of implementing the 7th Corporate plan, the Authority fully operationalized the debt module on the iTax system and debt cases from the compliance program are automatically flowing to Debt office, leading to improved debt collection. Indeed, the collectable has significantly reduced to 7.2%<sup>1</sup> of total revenue collection. The authority has also

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<sup>1</sup> Computed from Collectable Debt (Kshs 114.9 Bn)/total revenue (Kshs 1,606.865Bn)

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embraced data analytics in debt management with priority being on more recent debt cases, high-value cases, and agency revenue debt cases.

**VAT Refunds Strategy**

During the 2019/20 FY, the authority reviewed the manual refunds risk-rating framework and shared with Data Warehouse and Business Intelligence (DWBI) the project team to have the risk profiling rules developed and automated. The automation of refunds risk profiling is 95% complete. Further, the authority has endeavored to clear the backlog of VAT refunds to cushion businesses from the adverse impacts of the Covid-19 pandemic.

**5. HUMAN RESOURCES REVIEW**

**a) Senior Management changes**

1. Mr. John Njiraini who was the Commissioner General retired from the Authority and was succeeded by Mr. Githii Mburu who took over with effect from 1<sup>st</sup> July 2019.
2. Mr. Ezekiel Saina was the Commissioner, Corporate Support Services until his retirement on 29<sup>th</sup> September, 2019, and was replaced by Dr. David Kinuu from 1<sup>st</sup> November, 2019.
3. Mr. Githii Mburu was Commissioner, Intelligence & Strategic Operations until his appointment as the Commissioner General. Dr. Terra Saidimu replaced him as the Commissioner, Intelligence & Strategic Operations from 2<sup>nd</sup> December, 2019.

**b) Staff Compliment as at 30<sup>th</sup> June 2020**

S/N	DEPARTMENT	COUNT	PERCENTAGE (%)
1	Corporate Support Service	1,218	15.4%
2	Customs & Border Control	2,083	26.3%
3	Domestic Taxes Department	2,970	37.5%
4	Intelligence & Strategic Operations	171	2.2%
5	Internal Audit Department	39	0.5%
6	Investigations and Enforcement	240	3.0%
7	Kenya School of Revenue Administration	129	1.6%
8	Legal Services & Board Coordination	141	1.8%
9	Marketing & Communication	562	7.1%
10	CG'S OFFICE	43	0.5%
11	Strategy, Innovation and Risk Management	257	3.2%
12	Supply Chain Management	58	0.7%
	<b>GRAND TOTAL</b>	<b>7,911</b>	<b>100.00%</b>

**c) Staff Motivational and Welfare Programs**

In the financial year 2019/20, the Authority addressed staff motivation by implementing various welfare activities that include wellness programs, health talks, health hikes, gym services, Alcohol and Drug abuse prevention programs, provision of Mothers'/Lactation Room, Work Environment Audits and Annual Staff Team building activities. Motivational benefits include Mortgage as well as car and laptop loans for staff.

**d) Competency Development**

The Authority facilitated delivery of 82 technical and cross cutting programs for 1,307 staff and 71 Continuous Professional Development programmes for 487 staff (153 courses for 1,794 staff at a total cost of Kshs. 64,943,010). KESRA facilitated training for 1,872 staff. Total staff trained 3666.

**e) Human Resource Projects**

A Job Evaluation exercise was conducted in the year to rank jobs and functions, and also develop Job Descriptions and grading structures.

**6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

The Authority is currently implementing the 7<sup>th</sup> Corporate Plan covering the period 2018/19 to 2020-21. The financial year 2019/20 marked the end of the second year of implementation. The key strategic objectives during this period and the performance is summarized as follows:

**a) Tax Base Expansion**

The aim was to raise the number of active taxpayers from 3.94 million to 6 million. This would be achieved through recruitment of informal sector taxpayers, registered companies, professionals, landlords and individuals trading online. The active taxpayers are currently 5.77 million. In addition, on-time payment rose to 91.5% while on-time filing rose to 62.5%.

**b) Data driven decision making**

The strategy was on using data and technology to drive compliance initiatives in order to reduce the VAT gap from 45% to 40%. A data driven VAT compliance strategy was developed and is currently under implementation. The VAT gap has reduced to 43%.

**c) More Effective Dispute Resolution**

With the operationalization of the Alternative Dispute Resolution (ADR), the aim was to implement measures to enhance its efficiency and effectiveness thereby increasing the number of cases resolved through ADR from 38% to 55%. The performance currently stands at 52%.

**d) Strengthening Debt and Accounts Management**

During this plan period, the aim was to reduce the debt to revenue ratio in line with international best practice levels. The target was to reduce collectable debt to total revenue from 25% to 15%. This would be achieved through utilization of the debt module in iTax, data analytics and fast tracking debt recovery times. This period recorded the highest performance with a ratio of 7.2%

**e) Improved Border Management**

This is aimed at improving security at the border stations and reducing the level of identified illicit trade. Key initiatives that have been implemented include operationalization of two One Stop Border Posts at Namanga and Moyale; and operationalization of three Joint operation centers at JKIA, Namanga and Mombasa Port. The Integrated Scanner Command Center was also operationalized.

**f) Implementation of 3<sup>rd</sup> KRA ICT strategy**

The focus was on enhancing existing systems to offer integrated, simple, cost effective and reliable services. During this period, iTax was integrated with IFMIS phase II, PAYE, NTSA, iCMS Phase II, AGPO; while iCMS was integrated with Single Window and iScan. The current automation level stands at 93%

**g) Implementation of Data Governance Strategy**

The aim was to ensure central management and coordination of corporate data and provision of security and privacy thus building confidence in the quality of data. A corporate data office was operationalized and risk profiling and case management modules of the Data Warehouse and Business Intelligence project is in the process of implementation. The main task was to clean up and maintain a credible master and transactional data. The Enterprise data warehouse in place with data from iTax, Simba, iCMS and Legacy while master data cleaning almost completed while transactional data cleaning ongoing. The data utilization index also rose from a baseline of 62% to 73%.

**7. OUTLOOK**

The Treasury revenue target for the financial year 2020/21 is Kshs. 1.7 trillion, of which Kshs. 1.6 trillion (94.3%) is Exchequer revenues and Kshs. 98 billion (5.7%) being the agency revenues that KRA collects. The Treasury target represents a growth of 7% over the revenue collection in FY 2019/20 (Kshs. 1.6 trillion).

Although the 2020 BPS projected the economy to expand by above 6.1 percent in 2020 and 7.0 percent over the medium term, the performance of Kenya's economy in 2020, like most economies all over the world, will largely be determined by how long life and economic activities are going to be disrupted by the COVID -19 pandemic. The revised growth projections for in 2020, accounting for the impact of COVID-19 is 1 percent. Most of the economic activities have been slowed down by restrictions resulting from containment and cessation of

sections of the population, the nationwide curfew, and the stoppage of international passenger travel.

Besides, locust invasion witnessed in the country in late 2019 and early 2020 poses a risk to agricultural production and food security. These shocks are likely to dampen energy generation and agricultural output leading to higher inflation that could slow down economic growth.

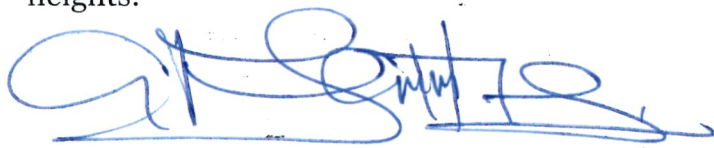
FY 2020/21 marks the 3<sup>rd</sup> and final year of the Authority's 7th Corporate Plan for the FY2018/19 to 2020/21. As the Authority continues with the implementation of the initiatives outlined in the 7<sup>th</sup> Plan geared to improved revenue collection, the risks facing the economy will adversely impact on revenue collections in the coming periods. In addition, the policy measure adopted to cushion the public from the adverse effects of the pandemic such as the reduction in VAT and PAYE rates will see the tax revenues dip below the projected figures at the beginning of the plan period. However, we are implementing a raft of measures under the Revenue Enhancement Initiatives to facilitate the achievement of the Revenue Targets for FY 2020/21. These include;

- Enhanced Debt Programme
- Revamped Audit Function
- Tax Base Expansion
- Customs Enforcement including post clearance audits, expanded exemption and remissions
- Intelligence and Enforcement operations

## **8. CONCLUSION**

In conclusion, I would like to thank our Board of Directors, the KRA management and all staff for their hard work, which has enabled the Authority to effectively implement its mandate as the principal revenue collector for the Government of Kenya. Your dedication and commitment led to a positive revenue growth over FY 2018/19 despite the adverse conditions prevailing in the year. I also thank the National Treasury and Planning for according us strong support. Lastly, I extend our gratitude to our taxpayers and all our stakeholders, for their patriotism and unwavering support, without which we would not have achieved our strategic goals.

I am confident that together and guided by our common vision, KRA is headed for greater heights.



**Githii Mburu, CBS**  
**COMMISSIONER GENERAL**

## 6. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the structure and process used to direct and manage the business affairs of the Authority to enhance prosperity, corporate performance and accounting. The Board of Directors is the governing body of the Authority. It formulates policy and charts out the road map for goal attainment, including plans of action.

The Board of Directors is responsible for the governance of the Authority and is accountable to the Cabinet Secretary, National Treasury to ensure compliance with the Kenya Revenue Authority Act, best practice and business ethics. The Directors attach great importance to the need to conduct business and operations of the Authority with integrity, professionalism and in accordance with generally accepted international corporate governance practice.

The Board's responsibilities are broadly set out in Section 6 (6) of the Kenya Revenue Act CAP 469 of the Laws of Kenya, and include:

- a) Review and approval of the policy of the Authority;
- b) Monitoring of the performance of the Authority in carrying out its functions; and
- c) Discipline and control of all of the Authority's staff, appointed under the Act.

### **Board Meetings**

The Board meets on a monthly basis to review Management performance, including revenue collection, operational issues and future planning. The Directors are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational, revenue and compliance issues. All the Directors are independent of Management and free from any business relationship that could materially interfere with the exercise of their independent judgment. The Board held monthly meetings during the period under review.

### **Board Committees**

The Board had four (4) standing Committees during the period under review, which met regularly under the Terms of Reference set out by the Board.

#### **Human Resources Committee**

The Committee is responsible for monitoring and appraising the performance of Senior Management, reviewing of human resource policies, approval of remuneration policy for employees and making recommendations on Senior Management appointments to the Board. The Committee met eight (8) times and its Members were:

1. Ms. Susan Mudhune,
2. Eng. Leonard Ithau.
3. Mr. Paul Icharia and
4. Commissioner General.

### **Finance, Administration and Procurement Committee**

The Committee is responsible for review of the Authority's annual budget, Procurement and Disposal Plans and related policies. The Committee met eight (8) times and its Members were:

1. Hon. Ms. Rose Waruhiu.
2. Mr. Charles Omanga.
3. Cabinet Secretary – National Treasury and
4. Commissioner General.

### **Audit and Risk Committee**

The Committee is responsible for review of audit reports, compliance with relevant laws, procedure and standards, quality of financial reporting and oversight on internal control and risk, among others. The Committee assists the Board in discharging its supervisory and good corporate governance responsibilities. The Committee met five (5) times and its Members were:

1. Mr. Mukesh Shah,
2. Hon. Ms. Rose Waruhiu,
3. The Attorney General and
4. Cabinet Secretary – National Treasury.

### **Revenue, Strategy and Technology Committee**

The Committee is responsible for review of the Authority's strategic implementation of the Corporate Plan and Reform Programme. It also serves as a forum to encourage continuous research and review of tax policy proposals; regulatory framework and revenue collection. The Committee met twelve (12) times and its Members were:

1. Eng. Leonard Ithau,
2. Mr. Mukesh Shah,
3. Hon. Ms. Rose Waruhiu,
4. Ms. Susan Mudhune,
5. Mr. Paul Icharia,
6. The Attorney General,
7. Cabinet Secretary – National Treasury and
8. Commissioner General.

### **Board of Trustees**

The Authority has a Staff Pension Scheme which is supervised, managed and administered by a Board of Trustees. The Authority, as sponsor of the Scheme, is represented by the following Board Members:

1. Mr. Paul Icharia (Chairman),
2. Mr. Mukesh Shah,
3. Ms. Susan Mudhune and
4. Commissioner Corporate Support Services.

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**Board Matters**

Attendance to board meetings by members	In the Financial Year 2019/2020: There were eleven (11) Board Meetings and three (3) Special Board Meetings attended by Members.	
	<b>Meeting</b>	<b>No. of Directors</b>
	Special - 4 <sup>th</sup> July, 2019	7
	280 <sup>th</sup> Board Meeting	9
	281 <sup>st</sup> Board Meeting	9
	282 <sup>nd</sup> Board Meeting	8
	283 <sup>rd</sup> Board Meeting	9
	284 <sup>th</sup> Board Meeting	9
	Special 2 <sup>nd</sup> December, 2019	9
	285 <sup>th</sup> Board Meeting	8
	286 <sup>th</sup> Board Meeting	8
	287 <sup>th</sup> Board Meeting	9
	Special- 8 <sup>th</sup> April, 2020	9
	288 <sup>th</sup> Board Meeting	9
289 <sup>th</sup> Board Meeting	9	
290 <sup>th</sup> Board Meeting	9	
Succession plan	Appointment is by the President (for the Board Chairman) and Cabinet Secretary – The National Treasury (for Members). As per the Kenya Revenue Authority Act Section 6(2)(a) and Section 6(2)(e). Expiry of term is usually communicated to The National Treasury at least 3 months before expiry of Term	
Existence of a board charter	There is an existing Board Charter approved on 5 <sup>th</sup> April, 2016. The Board Charter is currently under review.	
Process of appointment and removal of directors	As per the Kenya Revenue Authority Act Sections 7 and 8.	
Roles and functions of the Board	As per the Kenya Revenue Authority Act Section 6(6).	
Induction and training	An internal induction was carried out on 8th June, 2018 upon their appointment. Five (5) out of Nine (9) Directors have also attended the Mwongozo Code of Governance Training. The Directors undertook a training by the Institute of Directors (Kenya) on Corporate Governance (Good Governance, Board and Management Roles, Confidentiality and Ethical Leadership) on 27 <sup>th</sup> February, 2020.	
Board and member performance	The Board Performance Self-Assessment for Financial Year 2018/2019 was carried out on 4th July, 2019 and facilitated by the State Corporations Advisory Committee. The Board Performance Self-Assessment for Financial Year	

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	2019/2020 was carried out on 4 <sup>th</sup> September, 2020.
Conflict of interest	Conflict of interest is declared in all Board and Board Committees Meeting and recorded as part of the proceedings.
Board remuneration	As per the relevant Government Circular: Sitting Allowance: Letter dated 11 <sup>th</sup> February, 2011 Ref ZZ MOF 131/04
Ethics and conduct	This is provided for under chapter 3 of the Board Charter, which quotes policies and acts that the board members as public officers are subject to.
Governance audit	The Governance Audit has not taken place. The State Corporations Advisory Committee (SCAC) vide their letter Ref No. OP/SCAC.9/175A dated 20 <sup>th</sup> February, 2020 indicated that the SCAC was in the process of accrediting Governance Auditors and they would share the list once the process was complete. The Authority awaits further guidance.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT**

### **Introduction**

Organizations world over contribute to the national and global economy and thus directly and indirectly improve livelihoods of communities around them.

The Kenya Revenue Authority (KRA)'s Corporate Social Responsibility (CSR) aims to achieve an endearing, sustainable and meaningful partnership with the publics that it interacts with to enhance the focus on KRA's core mandate that is revenue mobilization.

KRA plays a key role in the country's development agenda and is central in achieving the national policy objectives outlined in various policy documents that include Vision 2030, the 'Big Four' Agenda and the Sustainable Development Goals (SDGs). The outlined objectives are related and the pillars include healthcare and environmental initiatives.

During the 2019/2020 Financial Year, KRA carried out various CSR initiatives in line with the national priorities aimed at achieving economic prosperity and achieved the following milestones:

### **Health Pillar Initiatives**

During 2019/2020 financial year, KRA focused its Taxpayers Month CSR (TPM, CSR) initiatives on the Health pillar. Through the KRA Regional Offices, KRA renovated a pediatric ward at Rongo Level 4 hospital & a male ward at the Naivasha Level 5 hospital.

In support of the fight against cancer, KRA participated at the Faraja white water rafting annual fundraising event. The event was scheduled to take place at Tana River, Sagana, Muranga. However, due the Covid-19 Pandemic the participation of staff in the water rafting activity was suspended.

### **Environmental Pillar Initiatives**

In regards to environment, KRA involved staff and other stakeholders to plant trees in support of the Government of Kenya initiative on increasing the forest cover.

KRA planted 6,400 trees at Mukuru Promotional Centre schools (Nairobi), 5, 000 trees with Save our Rivers Initiative in Nkubu (Meru County), 600 trees at KESRA (Mombasa), 500 trees at Ruiru sports club (Kiambu) and 1000 trees at Railways Golf Club (Nairobi). Over 13,500 trees were planted during the financial year 2019/2020.

World Rally Championship (WRC), Safari rally Secretariat which is a GOK project had partnered with KRA to plant 18,000 trees at Kasarani Super spectator stage to mark the return of World Rally Championship in Kenya after 18 years' absence. However, this event was postponed to October rains due to the outbreak of Covid-19 Pandemic.

### **Sports Marketing Pillar Initiatives**

On Sports Marketing, KRA focused on Golf with the aim of improving partnership with taxpayers.

KRA sponsored/co-sponsored five (5) golf tournaments; KRA golf tournament at Ruiru Sports Club, Captains Prize at Railways Golf Club, Rotary Club of Karen tournament at Karen Golf Club, upstream oil and gas golf tournament at Vet lab Golf tournament and Qatar Airways Golf tournament at Muthaiga Golf Club. Over 50 Staff golfers participated in these tournaments.

Ushuru FC continued to play at the National Super League. The team played 26 matches across the country and finished position 6. COVID-19 Pandemic halted all football activities.

### **KRA Choir performance**

The KRA Choir performance was exemplary. The choir performed at various internal and external functions. The external functions were at the invitation of the Permanent Presidential Music Commission. They performed at Siaya County during Jamhuri Day. The choir also did live Christmas carols in media houses. The Choir also participated in Madaraka day celebrations through recorded music.

### **Staff Engagement**

KRA involved staff directly by participating in the staff football tournament & national tree planting. Staff also participated in the Madoka Half Marathon, Beyond Zero Marathon and Stanchart Marathon. Staff participated in various Regional CSR engagements during the year.

### **Conclusion.**

In conclusion, staff involvement and stakeholders' engagement in CSR helped to improve the overall KRA stakeholder relationship and reputation.



**GITHII MBURU, CBS  
COMMISSIONER GENERAL**

## **7. REPORT OF THE BOARD DIRECTORS**

The Directors submit their report together with the audited Revenue Accountability Statements for the year ended June, 2020 which show the state of Kenya Revenue Authority's affairs.

### **Principal activities**

The principal activities of the Authority continue to be assessment and collection of revenue, administration, enforcement of laws relating to and accounting for revenue collected under the relevant Acts.

### **Results**

The results of the Authority for the year ended June, 2020 are set out on pages 35 to 63.

### **Directors**

The Members of the Board who served during the year are shown on page 5 to 10.

### **Auditors**

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.



.....  
**By Order of the Board**

**Board Secretary**

Date: ..... 19<sup>th</sup> August 2021 .....

## **8. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by the receiver during that financial year. As the collector of revenue, the Kenya Revenue Authority prepares the Revenue Accountability statements, which give a true and fair view of the state of affairs of the collections at the end of the financial year. The Directors are also required to ensure that the Authority keeps proper accounting records, which disclose with reasonable accuracy the collections, by the Authority.

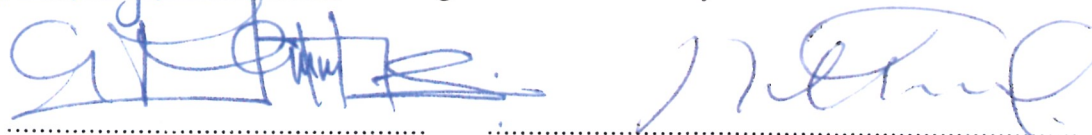
The Directors are responsible for the preparation and presentation of the Authority's Revenue Accountability Statements, which give a true and fair view of the collections by the Authority for and as at the end of the financial year ended on June 30th, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the collections by the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Revenue Accountability statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's Revenue Accountability Statements, which has been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The KRA Act. The Directors are of the opinion that the Authority's Revenue Accountability statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30th, 2020. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's Revenue Accountability Statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the Revenue Accountability Statements**

The Authority's Revenue Accountability Statements were approved by the Board of Directors on 19th August 2021 and signed on its behalf by:

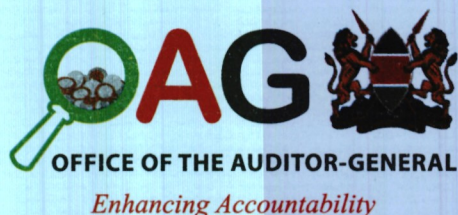


**GITHII MBURU, CBS  
COMMISSIONER GENERAL**

**AMB. DR. FRANCIS K. MUTHAURA, MBS, EGH  
CHAIRMAN**

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KENYA REVENUE AUTHORITY – REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE REVENUE ACCOUNTABILITY STATEMENTS

#### Opinion

I have audited the accompanying revenue accountability statements of Kenya Revenue Authority set out on pages 35 to 56, which comprise the statement of financial position as at 30 June, 2020, the statement of revenue collection and transfers, statement of target versus actual performance by tax head for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanation, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the revenue accountability statements present fairly, in all material respects, the financial position of the Kenya Revenue Authority as at 30 June, 2020, and of its revenue performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Kenya Revenue Authority Act, Cap 469 of the laws of Kenya.

#### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Revenue Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of Matter

##### Outstanding Revenue and Refund Claims

As previously reported, Note 14.16(A)(i) to the revenue accountability statements as at 30 June, 2020 continues to reflect an outstanding revenue balance of Kshs.1,459,029,075,950 (2019-Kshs.415,212,646,945). Management has indicated that the exercise of validating the debt is on-going and various strategies have been implemented with a view of reducing the debts. The strategies implemented include

enhanced recovery of debt revenue, undertaking taxpayer's leger corrections and reconciliations, reversal of erroneous penalties and interests and processing of tax waiver applications, among other measures. However, should the strategies implemented fail to yield results, the outstanding revenue balance will keep on increasing as indicated.

Further, Note 14.16(B) discloses an outstanding refund claims balance of Kshs.106,698,847,364 as at 30 June, 2020 compared to Kshs. 86,150,238,705 reported as at 30 June, 2019. Management has indicated that various measures including re-organization and additional staffing of the refunds unit, timely resolution of system challenges and seeking for enhanced funding from The National Treasury for payment of approved claims have been put in place to hasten processing of refunds. However, should the Authority fail to get enhanced funding from The National Treasury, the refund claims will keep on escalating as indicated.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the revenue statements. I have determined that there are no Key Audit Matters to communicate in my report.

### **Other Matter**

#### **Budgetary Performance**

The statement of targets versus actual performance for the year ended 30 June, 2020 reflects actual receipts amounting to Kshs.1,609,037,789,965 against budgeted receipts of Kshs.1,646,317,948,960 resulting in a shortfall of Kshs.37,280,158,995. The under collection of the budget by an amount of Kshs.37,280,158,995 translate to equivalent services budgeted for but not delivered to the public. There is, therefore, need for the Management to re-look at its revenue collection mechanism with a view to ensuring that revenues collection strategies are enhanced to close up the shortfall.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements, plan, and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the revenue accountability statements are in compliance, in all material respects, with the authorities

that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of the revenue accountability statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of revenue accountability statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the revenue accountability statements, Management is responsible for assessing the Authority's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Authority or to cease operations.

Management is also responsible for the submission of the Revenue Accountability Statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the revenue accountability statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the revenue accountability statements are in compliance with the authorities, which govern them, and that public revenue is collected and transferred in an effective way.

Those charged with governance are responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the revenue accountability statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the revenue accountability statements.

In addition to the audit of the revenue accountability statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the revenue accountability statements are in compliance with the authorities that govern them and that public revenue is collected in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the revenue accountability statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement caused by error or fraud in amounts that would be material in relation to the revenue accountability statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatement and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Authority's revenue policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the revenue accountability statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the revenue accountability statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the revenue accountability statements, including the disclosures, and whether the revenue accountability statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the revenue accountability statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Nancy Gathungu

**AUDITOR-GENERAL**

**Nairobi**

**24 August, 2021**

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY  
STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

**9. STATEMENT OF REVENUE COLLECTION AND TRANSFERS**

	Notes	Actual for the year ended 30th June 2020 KShs	Actual for the Year ended 30th June 2019 KShs
1	Current Year Collections (FY 2019-2020)		
	(a) Treasury collections		
	Taxes on Income, Profits and Capital Gains	14.1 722,787,508,012	691,685,508,230
	Taxes on Property	14.2 473,811,884	588,327,115
	Taxes on Goods and Services	14.3 599,579,487,761	622,676,534,001
	Taxes on International Trade & Transactions	14.4 131,908,470,898	132,194,734,579
	Other Taxes not elsewhere classified (Stamp Duty)	14.5 9,115,869,554	9,947,146,476
	Sales of Goods and Services (Traffic Fees)	14.6 3,591,864,603	3,833,643,032
	Surplus Funds	14.9 19,203,574,194*	2,067,074,723
	Railway Development Levy	14.7 23,257,703,993	21,303,069,635
	Betting Tax	14.8 1,961,608,473	-
	<b>Total</b>	<b>1,511,879,899,373</b>	<b>1,484,296,037,791</b>
	(b) Agency collections	14.10 97,152,342,179	103,033,110,343
	(c.) AIA Revenue(Miscellaneous Revenue)	14.11 5,548,413	66,081,139
	<b>Total Collections for the Year excluding Nairobi County Government Collections</b>	<b>1,609,037,789,965</b>	<b>1,587,395,229,273</b>
	Nairobi County Government Collections	14.19 1,846,166,015	-
	Unallocated Revenue Balance	14.18 (a) 234,924,800	859,155,583
	Funds Available for Transfer from FY 2018/2019	14.18 (b) 18,122,531,360	19,901,896,088
	<b>Total Collections for the Year including NCCG &amp; Unallocated Revenue Balance</b>	<b>1,629,241,412,139</b>	<b>1,608,156,280,944</b>
2	<b>Exchequer Receipts for VAT Refunds</b>	10,000,000,000	-
3	<b>Total funds available for Transfer during the year</b>	<b>1,639,241,412,139</b>	<b>1,608,156,280,942</b>
	<b>Accounted for as follows:</b>		
	<b>Transfers</b>		
	Transfers to Treasury and Fund Accounts	14.12 1,498,571,378,814	1,471,923,062,114
	Transfers to Principals	14.13(a & b) 96,429,319,265	100,623,694,358
	Agency commissions and 16% VAT deducted	14.14 2,291,973,557	2,389,102,922
	Refund Payments	14.17 26,632,134,582	14,694,697,244
	AIA-Revenue	14.13(c) 5,805,150	46,381,384
	Transfers to County Revenue Fund A/C and related Charges	14.13 (d) 1,822,741,877	-
	<b>Total transfers and commissions</b>	<b>1,625,753,353,244</b>	<b>1,589,676,938,022</b>
	<b>Cash in Transit</b>	<b>13,488,058,895</b>	<b>18,479,342,920</b>

**Note\*** Surplus Funds excludes Kshs. 13,425,397,137 remitted directly to the National Treasury by various government agencies.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY  
STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

**10. STATEMENT OF FINANCIAL POSITION**

	Notes	Actual for the year ended 30th June 2020	Actual for the Year ended 30th June 2019
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>CASH AND CASH EQUIVALENT</b>			
Closing Balance- Exchequer	14.15 (a)	7,455,041,114	9,259,031,112
Closing Balance- Agency	14.15 (b)	619,359,427	3,750,352,746
Closing Balance- Refund Payment Account	14.17	5,154,804,649	4,560,256,998
Closing Balance- AIA	14.15 (c)	504,766	50,546,481
Closing Balance-Nairobi County Government	14.15 (d)	23,424,138	-
Balance on Unallocated Revenue	14.18	234,924,800	859,155,583
<b>Total cash and cash equivalent</b>		<b>13,488,058,895</b>	<b>18,479,342,920</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Account payables</b>			
The National Treasury	14.15 (a)	7,455,041,114	9,259,031,112
Payables to Principals, Commission and 16% Vat:	14.15 (b)	619,359,427	3,750,352,746
Payment Accounts	14.17	5,154,804,649	4,560,256,998
AIA Payable to KRA (Miscellaneous)	14.15 (c)	504,766	50,546,481
Nairobi County Government	14.15 (d)	23,424,138	-
Balance on Unallocated Revenue	14.18	234,924,800	859,155,583
<b>Total Accounts Payables</b>		<b>13,488,058,895</b>	<b>18,479,342,920</b>

The Revenue Accountability Statements set out herein were signed on behalf of the Board of Directors by;

Josephat Omondi

Head of Finance - ICPAK No. 3473

Githii Mburu, CBS

Commissioner General

AMB. DR. Francis K. Muthaura, MBS, EGH

Chairman

The notes set out hereto form an integral part of the Revenue Accountability Statements

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

11. STATEMENT OF TARGET VS ACTUAL PERFORMANCE BY TAX HEAD

TAX HEAD	Original Budget amount as per Treasury Estimates of Revenue Grants and Loans for the year ended 30th June 2020 Kshs	Revised figure Kshs	Revised Budget amount as per Treasury Estimates of Revenue Grants and Loans for the year ended 30th June 2020 Kshs	Actual Receipts for year ended 30th June 2020 Kshs	Target Realised for year ended 30th June 2020 %	Actual Receipts for year ended 30th June 2019 Kshs	Percentage Growth
Collections							
Treasury collections							
Taxes on Income, Profits and Capital Gains							
Income Tax from Individuals (PAYE)	468,496,803,304						
Contribution from Govt Employees to WCPS	530,108,070	(69,085,323,952)	399,941,587,422	400,754,595,293	100%	392,692,649,174	2%
Income Tax from Corporations	416,171,956,773	(102,829,551,545)	313,342,405,228	317,535,530,662	101%	296,041,613,544	7%
Capital Gain Tax	4,648,680,863	4,382,855,183	9,031,536,046	4,497,382,057	50%	2,951,245,512	52%
<b>Sub total</b>	<b>889,847,549,010</b>	<b>(167,532,020,314)</b>	<b>722,315,528,696</b>	<b>722,787,508,012</b>	<b>100%</b>	<b>691,685,508,230</b>	<b>5%</b>
Taxes on Property							
Rent of Land(Land rent)	1,209,658,538	279,372,907	1,489,031,445	473,811,884	32%	588,327,115	-19%
Taxes on Goods and Services							
Receipt from VAT on Domestic Goods and Services	289,580,205,190	(43,358,381,200)	246,221,823,990	228,601,155,747	93%	244,748,287,240	-7%
VAT on Imported Goods and Services	220,800,196,519	(48,892,882,029)	171,907,314,490	167,912,844,961	98%	179,177,943,655	-6%
Anti-adulteration Levy	3,245,646,919	(454,600,544)	2,791,046,375	2,761,788,714	99%	2,299,105,536	20%
Excise Taxes	239,719,811,161	(37,974,585,586)	201,745,225,575	200,303,698,339	99%	196,451,197,570	2%
<b>Sub total</b>	<b>754,555,518,327</b>	<b>(130,401,076,452)</b>	<b>624,154,441,875</b>	<b>600,053,299,645</b>	<b>96%</b>	<b>623,264,861,116</b>	<b>-4%</b>
Taxes on International Trade & Transactions							
Customs Duties (Import duty)	135,661,632,741	(39,539,595,261)	96,122,037,480	98,348,534,054	102%	105,412,777,412	-7%
Import Declaration and Inspection fees	33,015,481,819	(4,765,361,291)	28,250,120,528	33,559,936,844	119%	26,781,957,167	25%
<b>Sub total</b>	<b>168,677,114,560</b>	<b>(44,304,956,552)</b>	<b>124,372,158,008</b>	<b>131,908,470,898</b>	<b>106%</b>	<b>132,194,734,579</b>	<b>0%</b>
Other Taxes Not Classified Elsewhere							
Stamp duty	11,892,797,115	(503,894,570)	11,388,902,545	9,115,869,554	80%	9,947,146,476	-8%
Surplus Funds	4,985,000,000	14,218,574,194	19,203,574,194	19,203,574,194	100%	2,067,074,723	829%
<b>Sub total</b>	<b>16,877,797,115</b>	<b>13,714,679,625</b>	<b>30,592,476,740</b>	<b>28,319,443,749</b>	<b>93%</b>	<b>12,014,221,199</b>	<b>136%</b>
Sale of goods and Services (Traffic Revenue)							
Second Hand Motor Vehicle Tax	224,455,664						
Licences under Traffic Act	1,970,003,919						
Fees under Traffic Act	1,685,779,532	685,796,696	4,566,035,811	3,591,864,603	79%	3,833,643,032	-6%
<b>Sub total</b>	<b>3,880,239,115</b>	<b>685,796,696</b>	<b>4,566,035,811</b>	<b>3,591,864,603</b>	<b>79%</b>	<b>3,833,643,032</b>	<b>-6%</b>
Railway Development Levy							

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED  
30TH JUNE 2020**

Other Receipts not Classified elsewhere(RDL)	27,738,100,000	(5,056,133,333)	22,681,966,667	23,257,703,993	103%	21,303,069,635	9%
Betting Taxes		7,514,138,423	7,514,138,423	1,961,608,473	26%	-	0%
<b>Total Treasury Collections</b>	<b>1,861,576,318,127</b>	<b>(325,379,571,907)</b>	<b>1,536,196,746,220</b>	<b>1,511,879,899,373</b>	<b>98%</b>	<b>1,484,296,037,791</b>	<b>2%</b>
Agency collections		-	-				
Airport Revenue	15,434,082,850	-	15,434,082,850	11,175,896,685	72%	12,290,669,582	-9%
Aviation Revenue	6,963,776,888	-	6,963,776,888	4,859,621,876	70%	5,919,002,961	-18%
Petroleum Development Fund	2,260,945,827	-	2,260,945,827	2,044,457,213	90%	2,165,342,487	-6%
<b>Road Maintenance Levy</b>		-	-				
Road Maintenance Levy Annuity Fund	15,460,900,000	1,189,986,811	16,650,886,811	74,457,890,778			
Taxes -from Other general government units(RML)	62,469,854,000	1,266,106,000	63,735,960,000		93%	78,161,937,738	-5%
<b>Subtotal -Road Maintenance Levy</b>	<b>77,930,754,000</b>	<b>2,456,092,811</b>	<b>80,386,846,811</b>	<b>74,457,890,778</b>	<b>93%</b>	<b>78,161,937,738</b>	<b>-5%</b>
K. A. A. Concession Fees	142,868,354	-	142,868,354	119,623,493	84%	134,517,500	-11%
Road Transit Toll Levy	939,996,698	-	939,996,698	911,541,586	97%	839,715,460	9%
Sugar Levy	-	-	-	240,649	0%	231,590	4%
Petroleum Regulatory Levy	1,231,740,444	-	1,231,740,444	1,072,618,605	87%	1,087,448,523	-1%
Merchant Superintendent Shipping Levy	1,681,926,461	-	1,681,926,461	1,535,218,237	91%	1,454,217,996	6%
KEBS Levy	538,934,851	-	538,934,851	559,853,198	96%	511,349,328	1%
Traffic Fees-Agency	535,869,556	-	535,869,556	415,278,318	77%	468,600,400	-11%
Housing Levy				101,541	0%	76,777	32%
<b>Total Agency Collections</b>	<b>107,660,895,929</b>	<b>2,456,092,811</b>	<b>110,116,988,740</b>	<b>97,152,342,179</b>	<b>88%</b>	<b>103,033,110,343</b>	<b>-6%</b>
AIA Revenue (Miscellaneous)	16,726,000	(12,512,000)	4,214,000	5,548,413	132%	66,081,139	-92%
Sub-totals (agency & AIA revenue)	107,677,621,929	2,443,580,811	110,121,202,740	97,157,890,592	88%	103,099,191,481	-6%
<b>Total Revenue Collections</b>	<b>1,969,253,940,056</b>	<b>-322,935,991,096</b>	<b>1,646,317,948,960</b>	<b>1,609,037,789,965</b>	<b>98%</b>	<b>1,587,395,229,272</b>	<b>1%</b>

## NOTES.

1. The original targets were revised to accommodate the substantive amendments to the revenue raising measures through the approval of the Finance Bill 2019. Hence, the revision took account of the lower projection base.
2. The comparative targets between the current and prior year also differ as a result of changes in macroeconomic parameters and tax policy measures.
3. The current year's gross actual collections against the revised targets reflect a Performance of 98%. The performance for the last three months of the Financial Year was adversely impacted by COVID-19 pandemic. Notable performance areas were as follows;
  - i. Income Tax from Individuals (PAYE & WCPS) performed at Kshs 400.7 billion against a revised target of Kshs 399.9 billion with a performance of 100%. This performance is mainly attributed to public sector enforcement initiatives even as the private sector took measures in reduction of operating costs during the fourth quarter. PAYE registered a growth of 2% compared to the previous year.
  - ii. Income Tax from Corporations performed at Kshs 317.5 billion against a target of Kshs 313.3 billion with a performance of 101%. This performance was driven by increased remittance from Finance, Insurance and Manufacturing sectors which account for about 1/2 of total Corporation Tax collections. In particular, instalment remittance by firms within the Finance and Insurance sector grew by 7.6% in FY 2019/20, mainly due to growth of 6.4% in remittances by banks. Further, Corporation Tax remittance by firms within the Manufacturing sector also grew by 12.5% in the year. This mainly accounts for the growth of 7% on Corporation taxes compared to the previous year.
  - iii. Capital Gains Tax performed at Kshs. 4.5 billion against a target of Kshs. 9 billion registering a performance of 50%. It also registered a growth of 52% against previous year's collection of 2.9 billion. This is mainly attributed to sale of Centum and Toyota Kenya shares of Kshs.1.4 billion.
  - iv. Taxes on properties (Land Rent) performed at 32% for the period ended 30th June 2020 and a decline of 19% compared to the previous year. This under performance is mainly attributed to closure of the land registries during the roll-out of the National Lands Information Management systems (LIMS) and during the outbreak of the COVID-19 pandemic.
  - v. VAT on Domestic Goods and Services performed at Kshs 228.6 billion against a target of Kshs 246.2 billion with a performance of 93%. The under performance was majorly impacted by the COVID-19 pandemic, which saw business turnovers decline. In addition, reduction of VAT rate from 16% to 14% also had an adverse effect on the tax head's performance.

- vi. VAT on Imported Goods and Services registered a performance of Kshs 167.9 billion against a target of Kshs 171.9 billion, with a performance rate of 98%. This is mainly attributed to decline in both import values and volumes, the adjustment of VAT rate from 16% to 14% on all vatiable imports and the impact of COVID-19 which resulted to a drop in activities at airports (passenger arrivals) and border points, among others.
- vii. Excise Taxes performed at Kshs 200.3 billion against a target of Kshs 201.7 billion with a performance of 99% and a growth of 2% compared to the previous year. This performance is mainly attributed to the effects of the COVID-19 pandemic, which contributed to the decline on production of excisable products like cigarettes, spirits, keg beer and non-keg beer.
- viii. Customs Duties (Import duty) performed at Kshs 98.3 billion against a target of Kshs 96.1 billion with a performance of 102%. Likewise, the performance on Import Declaration and Inspection Fees was Kshs, 33.6 billion against a target of Kshs 28.3 billion resulting to a performance of 119%.
- ix. Stamp Duty performed at Kshs 9.1 billion against a target of Kshs 11.3 billion with a performance of 80% . The shortfall is mainly attributed to decline transactions on property.
- x. Surplus funds reflected a collection of Kshs 32.6 billion against a target of Kshs 32.6 billion and registered a performance of 100%. This performance is attributed to intensified follow up on remittances from the Regulatory Authorities.
- xi. Sale of goods and Services (Traffic Revenue) registered a collection of Kshs 3.6 billion against a target of Kshs 4.5 billion with a performance rating of 79%. This is attributed to a combined decline of 50.2% on the following components which account for 99% of traffic revenue: road safety, driving licence; second hand motor vehicle purchase tax; and registration fees.
- xii. Railway Development Levy performed at 103% attributed to growth majorly driven by tax policy approved in the Finance Act 2019 involving increase of the Railway Development Levy rate from 1.5% to 2% for all goods including finished goods except for raw materials and intermediate products imported by approved manufacturers.
- xiii. Betting taxes performed at 26% with a collection of Kshs 1.9 billion against a target of Kshs 7.5 billion. This performance is mainly attributed to deregistration of the main players such as Betika and SportPesa, among others
- xiv. Agency collections registered a performance of 88% for the period ended 30th, June, 2020. This is mainly attributed to the declined performance on Airport and Aviation revenue as a result due of COVID 19 pandemic, and Road Maintenance Levy decline of 5% driven by combined volume decline from petrol and diesel. Road Transit Toll, KEBS Levy and Petroleum Regulatory Levy also registered marginal growth and declines respectively.

**12. STATEMENT OF TARGET VS ACTUAL PERFORMANCE BY DEPARTMENT**

	Target - Treasury	Actual Receipts for year ended 30th June 2020	% target realised FY 2019/20	Actual Receipts for year ended 30th June 2019	Percentage Growth
	KShs	KShs	%	KShs	%
<b>1 Revenue collection</b>					
<b>Treasury collections</b>					
Customs Services Department	409,766,593,525	414,465,107,241	101%	423,226,920,873	-2%
Domestic Taxes Department	1,103,142,163,358	1,078,702,927,529	98%	1,041,911,473,886	4%
Traffic Revenues	4,566,035,811	3,591,864,603	79%	3,833,643,032	-6%
<b>Total Treasury collections</b>	<b>1,517,474,792,694</b>	<b>1,496,759,899,373</b>	<b>99%</b>	<b>1,468,972,037,791</b>	<b>2%</b>
Provision for Refunds (CSD)	720,000,000	720,000,000	100%	924,000,000	-22%
Provision for Refunds (DTD)	18,000,000,000	14,400,000,000	80%	14,400,000,000	0%
<b>Gross Treasury collections</b>	<b>1,536,194,792,694</b>	<b>1,511,879,899,373</b>	<b>98%</b>	<b>1,484,296,037,790</b>	<b>2%</b>
<b>2 Agency collections</b>					
Customs Services Department	109,046,398,332	96,182,657,535	88%	102,119,164,976	-6%
Domestic Taxes Department	538,934,851	559,954,739	104%	511,426,105	9%
Traffic Revenues	535,869,556	415,278,318	77%	468,600,400	-11%
<b>Total Agency collections</b>	<b>110,121,202,740</b>	<b>97,157,890,592</b>	<b>88%</b>	<b>103,099,191,481</b>	<b>-6%</b>
<b>Total Revenue Collections</b>	<b>1,646,315,995,434</b>	<b>1,609,037,789,965</b>	<b>98%</b>	<b>1,587,395,229,272</b>	<b>1%</b>

### **13. ACCOUNTING POLICIES**

#### **a. Reporting Entity**

The Kenya Revenue Authority has prepared the Revenue Accountability Statements.

#### **b. Basis of Preparation**

The Revenue Accountability Statements comply with the requirements of the Public Financial Management Act of 2012 and the cash basis of International Public Sector Accounting Standards.

The accounting policies have been consistently applied to all the financial periods presented.

The Revenue Accountability Statements are presented in Kenya Shillings (KShs), being the currency of legal tender in Kenya that is the functional and reporting currency of the Government of Kenya.

#### **c. Reporting periods**

The Government of Kenya Fiscal Year runs from 1<sup>st</sup> July to 30<sup>th</sup> June. The Revenue Accountability Statements covers the financial period 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2020. The comparative figures reflect the 12 months ended 30<sup>th</sup> June 2019.

#### **d. Significant accounting policies**

The Revenue Accountability Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated:

##### ***(a) Receipts***

Revenue is recognized at the point of collection. Only taxes billed/assessed and collected are recognized as receipts under the cash basis of accounting. Revenue billed/assessed during the year but not yet collected is disclosed as receivable for purposes of disclosure.

##### ***(b) Transfers***

The transfers relates to payments made from the collection accounts to the Treasury receiver of revenue account. It also related to transfers made to the various principals.

**(c) Provisioning for refund**

A total of Kshs **15,460,000,000** was set aside for purpose of refund of claims during the year on items specified under table 12.17(A) below. During the year, an additional funding of Kshs. 10,000,000,000 was received from the National Treasury on VAT refunds to ease the impact of COVID-19 pandemic on businesses.

**(d) Agency funding**

The Authority receives an allocation from The National Treasury as determined by the Cabinet Secretary each year, not exceeding 2% of the revenue estimated in the Financial Estimates for each financial year to be collected by the Authority. This is the main source of revenue for recurrent expenditure of KRA.

In addition, the Authority also charges a commission of 2% on collections made on behalf of other principals. The commission is deducted at source plus 16% VAT (Reduced to 14% from April 2020) thereon before remittance to the principals.

**(e) Cash and equivalents**

Cash and equivalents comprises of cash in transit.

**(f) Subsequent events**

There have been no events subsequent to the financial year-end with a significant impact on the Revenue Accountability Statements for the year ended 30<sup>th</sup> June, 2020.

## 14. NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT

### 14.1 Taxes on Income, Profits and Capital Gains

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
		KShs	KShs
1	Income Tax from Individuals (PAYE& WCPS)	400,754,595,293	392,692,649,174
	<b>SubTotal</b>	<b>400,754,595,293</b>	<b>392,692,649,174</b>
2	Income Tax from Corporations		
	a) Other Income Taxes	307,356,100,448	287,369,805,455
	b) Turnover Tax	32,335,410	87,726,939
	c) Capital Gains Tax	4,497,382,057	2,951,245,512
	d) Rental Income	10,147,094,804	8,584,081,150
	<b>SubTotal</b>	<b>322,032,912,719</b>	<b>298,992,859,056</b>
	<b>Total</b>	<b>722,787,508,012</b>	<b>691,685,508,230</b>

### 14.2. Taxes on Property

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
		KShs	KShs
	Land Rent	473,811,884	588,327,115
	<b>Total</b>	<b>473,811,884</b>	<b>588,327,115</b>

### 14.3 Taxes on Goods and Services

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
		KShs	KShs
1	VAT on Domestic Goods and Services	228,601,155,747	244,748,287,240
2	VAT on Imported Goods and Services		
	a) VAT – Imports (General Rate)	151,987,084,400	164,684,280,807
	b) VAT Oil at 8%	15,925,760,561	14,493,662,848
	c) Anti-adulteration Levy	2,761,788,714	2,299,105,536
	<b>Subtotals</b>	<b>399,275,789,422</b>	<b>426,225,336,431</b>
3	Excise Receipts (Air time + domestic + import+Fin.services)		
	a) Gross Excise Duty	89,344,298,675	89,176,067,468
	b) Excise Duty Domestic	55,720,900,497	59,508,966,189
	c) Excise Tax on Airtime	28,841,180,281	25,120,188,726
	d) Excise Tax on Money Transfer	24,352,662,314	22,645,975,186
	e) Excise Tax on Betting	2,044,656,572	
	<b>Subtotals</b>	<b>200,303,698,339</b>	<b>196,451,197,570</b>
	<b>Total</b>	<b>599,579,487,761</b>	<b>622,676,534,001</b>

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED  
30TH JUNE 2020

**14.4. Taxes on International Trade & Transactions**

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
		KShs	KShs
1	Customs Duties(Import Duty )	98,348,534,054	105,412,777,412
2	Other Taxes on International Trade and Transactions (IDF Fee)	33,559,936,844	26,781,957,167
	<b>Total</b>	<b>131,908,470,898</b>	<b>132,194,734,579</b>

**14.5. Other Taxes not elsewhere classified**

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
		KShs	KShs
1	Stamp Duty	9,115,869,554	9,947,146,476
	<b>Total</b>	<b>9,115,869,554</b>	<b>9,947,146,476</b>

**14.6. Sales of Goods and Services**

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
		KShs	KShs
1	Traffic revenue	3,591,864,603	3,833,643,032
	<b>Total</b>	<b>3,591,864,603</b>	<b>3,833,643,032</b>

**14.7. Railway Development Levy**

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
		KShs	KShs
	Railway Development Levy	23,257,703,993	21,303,069,635
	<b>Total</b>	<b>23,257,703,993</b>	<b>21,303,069,635</b>

**14.8. Betting Tax**

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
		KShs	KShs
	Betting Tax	1,961,608,473	-
	<b>Total</b>	<b>1,961,608,473</b>	<b>-</b>

**NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

**14.9. Surplus Funds**

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
S/N	SURPLUS FUNDS DIRECTLY RECEIPTED IN KRA	KSH	KSH
1	National Transport Services Authority	52,241,724	
2	Capital Markets Authority	92,706,000	21,127,000
3	Competition Authority Of Kenya	147,831,639	
4	Energy Regulatory Commission	302,417,556	125,914,100
5	Retirement Benefits Authority	123,818,000	100,000,000
6	Kenya Dairy Board	207,648,142	3,030,780
7	National Campaign Against Drug Abuse Authority Board	2,953,526	
8	Kenya Bureau Of Standards	1,245,000,000	
9	Communications Authority Of Kenya	10,218,396,369	
10	Tourism Regulatory Authority	66,737,384	
11	Insurance Regulatory Authority	357,000,000	425,216,069
12	Export Processing Zone Authority	43,793,311	
13	Kenya Civil Aviation Authority	4,746,731,572	729,441,171
14	National Construction Authority	979,455,923	
15	Water Resources Management Authority	1,000,000	
16	Kenya Maritime Authority	615,843,048	662,345,603
	<b>SUBTOTAL</b>	<b>19,203,574,194</b>	<b>2,067,074,723</b>
	<b>SURPLUS FUNDS REMITTED DIRECTLY TO NATIONAL TREASURY</b>		
1	Agricultural Food Production	104,741,000	
2	Capital Markets Authority	407,294,000	
3	Central Bank of Kenya	4,000,000,000	
4	Constituency Development Funds	400,000,000	
5	Council of Legal Education	215,000,000	
6	East Africa School of Aviation	301,070,840	
7	Insurance Regulatory Authority	1,400,000,000	
8	Kenya Airports Authority	200,000,000	
9	Kenya Industrial Property Institute	10,000,000	
10	Kenya Petroleum Refineries	33,560,014	
11	Kenya Plant Health Inspectorate Services (KEPHIS)	7,250,000	
12	Kenya Post Office Savings bank	5,000,000	
13	Kenya Roads Board	2,832,224,755	
14	Kenya School of Government	25,000,000	
15	Kenya Veterinary Vaccines Institute	200,000,000	
16	National Drought Management Auth.	2,122,820,528	
17	Pharmacy & Poisons Board	471,000,000	
18	Public Procurement Oversight Authority	400,000,000	
19	Retirement Benefits Authority	226,182,000	
20	Tourism Finance Board	64,254,000	
	<b>SUBTOTAL</b>	<b>13,425,397,137</b>	-
	<b>GRAND TOTAL</b>	<b>32,628,971,332</b>	

**NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

**Note:**

Surplus funds relates to surrendered end of year unexpended voted or excess Appropriation in Aid by the Accounting Officers of the State Corporations per the Public Finance Management Act. During the year, Surplus amount of Ksh. 13,425,397,137 was remitted directly to The National Treasury and an amount of KSh. 19,203,574,194.25 was remitted as part of Income Tax Collection Account No. 1000007338.

**14.10. Agency collections**

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
		KShs	KShs
1	Airport Revenue	11,175,896,685	12,290,669,582
2	Aviation Revenue	4,859,621,876	5,919,002,961
3	Petroleum Development Fund	2,044,457,213	2,165,342,487
4	Road Maintenance Levy	74,457,890,778	78,161,937,738
5	K.A.A. Concession Fees	119,623,493	134,517,500
6	Road Transit Toll Levy	911,541,586	839,715,460
7	Sugar Levy	240,649	231,590
8	Petroleum Regulatory Levy	1,072,618,605	1,087,448,523
9	Merchant Superintendent Shipping Levy	1,535,218,237	1,454,217,996
12	KEBS Levy	559,853,198	511,349,328
13	Traffic Fees-Agency	415,278,318	468,600,400
14	Housing Levy	101,541	76,777
	<b>Total</b>	<b>97,152,342,179</b>	<b>103,033,110,343</b>

**14.11. Miscellaneous Revenue**

	TAX HEAD	Actual Receipts for year ended 30th June 2020	Actual Receipts for year ended 30th June 2019
		KShs	KShs
	Miscellaneous	5,548,413	66,081,139
	<b>Total</b>	<b>5,548,413</b>	<b>66,081,139</b>

**Note:**

Miscellaneous Revenue mainly comprises of collections on overtime fees and sale of Tamperproof seals for the quarter ended 30<sup>th</sup> June 2020. This is an Appropriation-In-Aid for Kenya Revenue Authority.

**14.12. Transfer to receivers of Revenue – Treasury**

	TAX HEAD	Actual Transfers for the year ended 30th June 2020	Actual Transfers for year ended 30 June 2019
		KShs	KShs
1	Income Tax from Individuals (PAYE)	400,276,063,669	392,708,797,823
2	Income Tax from Corporations	335,112,983,649	293,459,879,599
3	Land Rent	474,133,841	613,545,213
4	VAT on Domestic Goods and Services	214,477,864,422	230,027,583,291
5	VAT on Imported Goods and Services	170,970,136,234	181,417,464,281
6	Excise Domestics	79,049,181,737	5,055,226,440
7	Excise on Financial Services	30,836,204,100	101,831,250,504
8	Excise Imports	89,343,337,482	89,071,038,642
9	Customs Duties(Import)	98,817,037,362	106,915,483,826
10	Other Taxes on International Trade and Transactions (IDF Fee)	33,098,922,916	26,908,798,855
11	Stamp Duty	9,090,391,733	10,160,431,066
12	Railway Development Levy	23,421,650,520	21,613,544,290
13	Traffic revenue	3,598,719,695	4,030,431,465
14	Tax on Winnings- (Sports Fund )	10,004,751,454	8,109,586,819
	<b>Total</b>	<b>1,498,571,378,814</b>	<b>1,471,923,062,114</b>

**NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

**Note:** Surplus funds are remitted through Income Tax Main Collection account as part of Income Tax.

**14.13. Agency Transfers**

**(A) Transfer by Bank Account**

The following is a breakdown of the transfers from holding accounts to principals;

S/N	Agency accounts	Agency Accounts Nos.	Actual Transfers for the year ended 30th June 2020	Actual Transfers for year ended 30 June 2019
			KShs	KShs
1	Airport Revenue (APSC)	1000007451	11,259,201,634	12,102,385,756
2	Petroleum Dev. Fund (PDF)	1000007435	2,016,099,111	2,159,827,913
3	Road Transit Toll Levy	1000007818	902,825,527	809,095,767
4	Sugar Development Levy (SDL)	1000007729/1000008113	14,219,266	265,053
5	K.A.A. Concession Fees	1000008121	117,589,828	131,941,265
6	Aviation Revenue (DCA Aviation)	1000007826	4,768,905,520	5,806,955,525
7	Petroleum Regulatory Levy	1000009004	1,055,472,246	1,009,801,260
8	Merchant Superintendent Shipping Levy (MSS)	1000008598	1,482,113,114	1,422,915,091
9	Road Maintenance Levy (RML)	1000007516	73,948,326,322	76,246,092,419
10	Kenya Bureau of Standards Levy (KEBS)	1000007702	516,192,736	497,917,314
11	Traffic Fees- Agency collections	1000007486	348,373,961	436,496,995
	<b>Total</b>		<b>96,429,319,265</b>	<b>100,623,694,358</b>

**(B) Agency Transfers by Principal**

The following is the breakdown of the principals to whom funds were transferred to during the year:

S/N	Agency accounts	Agency Accounts Nos.	Actual Transfers for the year ended 30th June 2020	Actual Transfers for year ended 30 June 2019
			KShs	KShs
1	Kenya Airports Authority	1000007451	11,259,201,634	12,102,385,756
2	National Treasury	1000007435	2,016,099,111	2,159,827,913
3	Kenya Roads Board	1000007818	902,825,527	809,095,767
4	Sugar Directorate (Agriculture and Food Authority)	1000007729/1000008113	14,219,266	265,053
5	Kenya Airports Authority	1000008121	117,589,828	131,941,265
6	Kenya Civil Aviation Authority	1000007826	4,768,905,520	5,806,955,525
7	Energy Regulatory Commission	1000009004	1,055,472,246	1,009,801,260
8	Kenya Maritime Authority	1000008598	1,482,113,114	1,422,915,091
9	Kenya Roads Board	1000007516	73,948,326,322	76,246,092,419
10	Kenya Bureau of Standards	1000007702	516,192,736	497,917,314
11	National Transport & Safety Authority	1000007486	348,373,961	436,496,995
	<b>Total</b>		<b>96,429,319,265</b>	<b>100,623,694,358</b>

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED  
30TH JUNE 2020

**(C) Transfers to KRA (AIA)**

AIA -REVENUE		Actual Transfers for the year ended 30th June 2020	Actual Transfers for year ended 30 June 2019
		KShs	KShs
1	Miscellaneous Revenue	5,805,150	46,381,384
	<b>Total</b>	<b>5,805,150</b>	<b>46,381,384</b>

**Note:**

Miscellaneous Revenue in this table refers to transfers made to KRA during the year. It incorporates remittances relating to prior financial year as well.

**D ) Transfers to-Nairobi County Government**

AGENCY ACCOUNTS		Actual Transfers for the year ended 30th June 2020	Actual Transfers for year ended 30 June 2019
		KShs	KShs
1	Nairobi County Government	1,822,741,877	

**14.14. Agency Commission and 16% VAT**

Agency Revenue		Actual Transfers for the year ended 30th June 2020			Actual Transfers for year ended 30 June 2019
TAX HEAD		Commission excluding 16% VAT/14% VAT	16%/14%VAT Component	Total Commission+ 16%/14%VAT	Commission+ 16%VAT
		KShs	KShs	KShs	KShs
1	Airport Revenue (APSC)	230,529,338	36,735,903	267,265,241	287,444,052
2	Petroleum Development Fund (PDF Levy)	41,367,274	6,577,636	47,944,910	49,998,974
3	Road Transit Toll Levy	18,484,840	2,931,603	21,416,443	19,216,853
4	Sugar Development Levy (SDL)	291,139	46,544	337,683	6,295
5	Miscellaneous			-	
6	K.A.A. Concession Fees	2,407,598	382,448	2,790,046	3,133,740
7	Aviation Revenue (DCA Aviation)	100,343,760	15,962,220	116,305,980	137,778,632
8	Petroleum Regulatory Levy	21,642,825	3,442,716	25,085,541	24,018,862
9	Merchant Superintendent Shipping Levy (MSS)	30,345,416	4,812,242	35,157,658	33,795,690
10	Road Maintenance Levy (RML)	1,514,018,398	238,575,172	1,752,593,570	1,810,922,752
11	KEBS - Levy	11,304,304	1,774,857	13,079,161	11,826,046
14	Traffic Fees - Agency Fees	8,618,384	1,378,942	9,997,326	10,961,026
	<b>Total</b>	<b>1,979,353,275</b>	<b>312,620,282</b>	<b>2,291,973,557</b>	<b>2,389,102,922</b>

**NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED  
30TH JUNE 2020**

**14.15. Closing Balances**

The following is the movement in the closing balances:

**(A) Treasury Collections**

	TREASURY COLLECTIONS	Closing balance for year ended 30th June 2020	Closing balance for year ended 30th June 2019
		KShs	KShs
1	Income Tax from Individuals (PAYE)	146,328,374	446,802,210
2	Income Tax from Corporations	4,200,029,416	3,796,516,495
3	Land Rent	1,536,593	1,678,804
4	VAT on Domestic Goods and Services	582,140,657	799,839,839
5	VAT on Imported Goods and Services	231,006,837	772,689,403
6	Excise Domestics	3,002,248	2,430,265
7	Excise Imports	437,812,618	1,064,420,253
8	Excise Financial Services	-	276,271,022
9	Customs Duties(Import)	1,051,623,214	1,490,611,157
10	IDF Fee	444,263,661	324,579,095
11	Stamp Duty	132,963,973	107,905,082
12	Railway Development Levy	42,270,968	89,122,010
13	Traffic revenue	49,151,575	86,165,478
14	Betting Taxes(Sports Fund Coll )	132,910,980	-
	<b>TOTAL</b>	<b>7,455,041,114</b>	<b>9,259,031,112</b>

**(B) Closing Balance Analysis – Agency Collections, commissions & 16% VAT**

	AGENCY ACCOUNTS	Closing balance for year ended 30th June 2020	Closing balance for year ended 30th June 2019
		KShs	KShs
1	Airport Revenue (APSC)	8,351,521	431,056,991
2	Petroleum Development Fund (PDF LEVY)	7,143,162	26,141,597
3	Road Transit Toll Levy	2,217,968	71,035,466
4	Sugar Development Levy (SDL)	17,956,880	32,273,180
5	K.A.A. Concession Fees	606,950	11,026,598
6	Aviation Revenue (DCA Aviation)	381,439,328	283,087,448
7	Petroleum Regulatory Levy	465,097	104,117,991
8	Merchant Superintendent Shipping Levy (MSS)	1,704,486	119,393,385
9	Road Maintenance Levy (RML)	33,486,948	2,572,044,428
10	KEBS - Levy	91,411,695	97,451,576
11	Traffic Revenue Fees (Agency)	74,210,901	2,492,960
12	Housing fund	364,491	231,125
	<b>Total</b>	<b>619,359,427</b>	<b>3,750,352,746</b>

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

(C) Closing Balance Analysis – AIA Revenue

TAX HEAD	Closing balance for year ended 30th June 2020	Closing balance for year ended 30th June 2019
	KShs	KShs
1 Miscellaneous	504,766	50,546,481
<b>Total</b>	<b>504,766</b>	<b>50,546,481</b>

Note: This relates to Miscellaneous Revenue in the closing Bank balances

(D) Closing Balance -Nairobi County Government collections

AGENCY ACCOUNTS	Closing balance for year ended 30th June 2020	Closing balance for year ended 30th June 2019
	KShs	KShs
1 Nairobi County Government	23,424,138	-

14.16. (A) (i) Statement of Outstanding Revenue as at 30<sup>th</sup> June 2020

Department	FY 2019/2020	FY 2018/19
	KShs	KShs
1 Custom Services Department	7,606,832,732	28,052,368,541
<b>Sub-totals</b>	<b>7,606,832,732</b>	<b>28,052,368,541</b>
2 Domestic Taxes Department -Legacy	177,787,778,906	177,787,778,906
-iTax	1,273,634,464,312	209,372,499,498
<b>Sub-totals</b>	<b>1,451,422,243,218</b>	<b>387,160,278,404</b>
<b>Total</b>	<b>1,459,029,075,950</b>	<b>415,212,646,945</b>

Note:

- i. The Customs debt reduced substantially due to the validation process carried out during the year.
- ii. The Domestic Taxes debt reflected in the system as at 30<sup>th</sup> June, 2020 was Kshs 2,901,422,412,855 mainly attributed to errors by taxpayers in the returns filed. The figure of Kshs 1,451,422,243,218 reflected in the above table has excluded the identified errors so far and is still undergoing validation, hence may change. Engagements with the Taxpayers is ongoing to validate the figures through actual payment and ledger corrections/updates based on validated information/documentation obtained. The status on the ongoing debt validation exercise as at the date of this report was as follows;

	Kshs
Validated Collectible Debt .....	107,598,663,540.32
Doubtful Debt (Cases in Court, under Objections, Distraint & Insolvency).....	162,021,083,361.60
Debt cases undergoing validation as at report date.....	1,181,802,496,316.21
<b>Total Domestic Taxes Debt.....</b>	<b>1,451,422,243,218.13</b>

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED  
30TH JUNE 2020

**14.16. (A) (ii) Nairobi County Government Statement of  
Outstanding Revenue as at 30<sup>th</sup> June 2020**

S/N	Revenue Stream	Amount Kshs.
1	Land Rate	5,007,024,864
2	Loading Zones	474,440,000
3	Government and Parastatals	5,675,615,647
4	Wayleave	933,691,040
5	Billboards and Advertisement	171,108,162
6	House Rent	324,939,408
	<b>Total</b>	<b>12,586,819,121</b>

**Note:**

The Nairobi County Government debt of Kshs. 12,586,819,121 as at 30th June, 2020 is as extracted from LAIFOMS system and therefore un-validated.

**(B) Statement of Outstanding Refund claims as at 30<sup>th</sup> June 2020**

DEPARTMENT	TAX HEAD	FY 2019/2020	FY 2018/19
		KShs	KShs
<b>Domestic Taxes Department</b>	VAT	28,442,975,831	26,289,817,115
	Income Tax	78,125,176,501	59,812,204,608
	Excise Domestic	34,296,362	10,592,000
	<b>Subtotal</b>	<b>106,602,448,694</b>	<b>86,112,613,723</b>
<b>Custom Services Department</b>	Import Duty	52,499,903	8,693,189
	Excise Duty	43,898,767	28,931,793
	<b>Subtotal</b>	<b>96,398,670</b>	<b>37,624,982</b>
	<b>GRAND TOTAL</b>	<b>106,698,847,364</b>	<b>86,150,238,705</b>

**Note:**

- i. VAT Refund claims increased mainly due to the reintroduction of refund on credits arising from Withheld VAT following the enactment in the Tax Laws (Miscellaneous Amendment Act) 2019 which became effective on 23.7.2019.
- ii. Income Tax claims increased mainly due to new refund claims arising from the discontinuation of advance payment account in iTax. This led to increased claims by taxpayers opting for refunds rather than allow future utilization of the credits against future liabilities. In addition, disparities on the employer returns and remittances compared to individual income tax return claims also contributed to increased individual claims. These disparities arose from Public sector organisations that remit PAYE payments directly to the Central Bank of Kenya rather than agent commercial banks The resolution on the individual claims is dependent on the ongoing reconciliations with the Public Sector employers. The Public Sector Division (PSD) of the Authority is actively engaging the entities through educational forums to facilitate reconciliation of their Tax records.

**NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED  
30TH JUNE 2020**

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- iii. Import Duty Refund claims increased due to re-exportation of products not meeting Kenya Bureau of Standards requirements such as on edible oils, under the multiagency Framework.
- iv. Excise Domestic claims increased mainly due to new applicants affected by the system enhancement requirements.

14.17.

A) Refund Accounts Movement Schedule for Financial 2019/ 2020

Payment Account	Opening Balance	Adjustments and Reclassification of Agency Balance	Adjusted Opening Bank Balance	Provision for Refund	Receipts/Returned payments	Total Funds available	Total Refunds	Remittances to Principals	Unallocated Revenue /Amount for Error correction	Closing bank Balances
	KShs.	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Customs Services Payments Account	2,609,920,082	2,809,553,388	5,419,473,470	754,000,000	82,824,021,623	88,997,495,094	820,084,593	83,609,690,331	200,881,649	4,366,838,521
Income Tax Payments Account	32,866,244		32,866,244	300,000,000	1,548,161	334,414,405	334,372,536			41,870
Value Added Tax Payments Account	1,843,848,190		1,843,848,190	24,400,000,000	20,598,894	26,264,447,084	25,477,660,434		12,036,214	774,750,436
Stamp Duty Payment A/C	7,190,841		7,190,841	6,000,000		13,190,841	17,019			13,173,822
Excise Duty Domestic Payment account	1		1			1				1
<b>TOTAL</b>	<b>4,493,825,358</b>	<b>2,809,553,388</b>	<b>7,303,378,746</b>	<b>25,460,000,000</b>	<b>82,846,168,679</b>	<b>115,609,547,425</b>	<b>26,632,134,582</b>	<b>83,609,690,331</b>	<b>212,917,863</b>	<b>5,154,804,649</b>

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

**B) STATEMENT OF TARGETS VERSES ACTUAL REFUNDS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020**

Provision	Provision for Refund	Total Refunds	% Performance in utilization of funds for period ended 30th June 2020
CSD - Import & Excise Duty provision for refund	754,000,000	820,084,593	109%
DTD - Income Tax provision for refund	300,000,000	334,372,536	111%
DTD - VAT Domestic provision for refund	24,400,000,000	25,477,660,434	104%
DTD - Stamp Duty provision for refund	6,000,000	17,019	0%
<b>TOTAL</b>	<b>25,460,000,000</b>	<b>26,632,134,582</b>	<b>105%</b>

**14.18 (a) Unallocated Revenue for Year ended 30<sup>th</sup> June 2020**

	BANK NAME	BANK ACCOUNT NO.	Kshs
1	Standard Chartered Bank Kenya Limited	0108023908300	6,000
2	Spire bank	1038332001	19,470
3	Mpesa		40,124
4	Coop bank -Coop House	01136006150700	43,310
5	Stanbic Bank Kenya Limited	100002716307	45,950
6	ABSA	2031960749	192,034
7	Co-operative Bank of Kenya Limited	01136001340300	342,198
8	Coop bank -Customs and Excise(Nkrumah)	01136006150701	506,358
9	National Bank of Kenya Limited-Customs PRE-IDF	01002305340900	2,151,610
10	Eco Bank	6580000121	2,456,001
11	National Bank of Kenya Limited	0100100510600	6,844,816
12	Equity Bank Limited	240299657063	13,712,923
13	Kenya Commercial Bank Limited	1108976298	174,064,416
14	Customs Payment Account	1000007389	34,500,141
	<b>TOTAL</b>		<b>234,925,350</b>
	<b>BANK CHARGES</b>		
1	Imperial Bank	ITAX-L121422/7224000607	- 550
	<b>TOTAL</b>		<b>234,924,800</b>

**Note:**

Unallocated funds relate to payments remitted to KRA collection accounts but with missing mandatory information especially Taxpayer details, PRN Numbers or where the PRN Number was already expired. Follow up is being made with the respective taxpayers and their bankers to provide the missing information to allow utilization.

**14.18 (b) Available for Transfer from Prior FY 2019/2020 and FY 2018/2019**

Cash in Transit		<u>FY 2019-2020</u>	<u>FY 2018-2019</u>
Prior year adjustments	(354,858,034)	18,479,342,920	21,830,770,108
Less: Surplus Funds	<u>(1,953,526)</u>	<u>(356,811,560)</u>	<u>(1,928,874,021)</u>
(Initially Adjusted from Prior year Balances)			
Funds Available for Transfer from Prior FY 2018/2019		<u>18,122,531,360</u>	<u>19,901,896,088</u>

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

**14.19 Nairobi County Government Collections**

REVENUE STREAM	Targets for the period From (16 <sup>th</sup> March 2020 to June 2020)	Actual Receipts for Period (From 16 <sup>th</sup> March 2020 to June 2020)	% Target realised FY 2019/20
	Kshs.	KShs	%
Land Rates	901,950,000	458,319,269	51%
Parking Fees	783,291,667	247,480,569	32%
Single Business Permits	547,000,000	162,689,825	30%
Plans & Inspections (Building Permits)	661,708,277	126,009,904	19%
Billboards and Advertisements	415,625,000	147,116,139	35%
House and Stall Rents	183,113,000	143,411,249	78%
Fire Inspection Certificates	130,350,000	20,853,778	16%
Food Handlers' Certificates	90,500,000	21,419,081	24%
Markets	144,783,333	82,008,119	57%
Other Incomes	590,166,507	436,858,082	74%
<b>TOTAL</b>	<b>4,448,487,783</b>	<b>1,846,166,015*</b>	<b>42%</b>

\*Note

The actual collections for the financial year 2019/2020 covers the period 16th March 2020 to 30th June 2020. KRA took over the collections of the Nairobi County government on 16th March 2020. The Targets used are provisional working Targets from the Nairobi County Government.

## 15. APPENDICES

### i) Customs Services Department

The following is a detailed collection analysis of Customs Services Department

#### a) Statement of Target Vs Actual Performance by Department

Tax Head	Target - Treasury	Actual Receipts FY 2019/20	% Target realised FY 2019/20	Actual Receipts FY 2018/19	Year on year Growth
	Kshs.	Kshs.	%	Kshs.	%
<b>Exchequer</b>					
Gross Import Duty	96,122,037,480	98,348,534,054	102%	105,412,777,412	-7%
Gross Excise Duty - Imports	88,734,107,985	89,344,298,675	101%	89,176,067,468	0%
VAT - Imports	174,698,360,865	170,674,633,675	98%	181,477,049,191	-6%
Import Declaration Fees	28,250,120,528	33,559,936,844	119%	26,781,957,167	25%
Railway Development Levy	22,681,966,667	23,257,703,993	103%	21,303,069,635	9%
<b>Sub-Gross total Exchequer</b>	<b>410,486,593,525</b>	<b>415,185,107,241</b>	<b>101%</b>	<b>424,150,920,873</b>	<b>-2%</b>
Less: Prov. for Refunds	180,000,000	180,000,000	100%	204,000,000	-12%
Less: Prov. for Refunds	540,000,000	540,000,000	100%	720,000,000	-25%
<b>Net total Exchequer</b>	<b>409,766,593,525</b>	<b>414,465,107,241</b>	<b>101%</b>	<b>423,226,920,873</b>	<b>-2%</b>
<b>Agency</b>					
Airport Revenue	15,434,082,850	11,175,896,685	72%	12,290,669,582	-9%
Aviation Revenue	6,963,776,888	4,859,621,876	70%	5,919,002,961	-18%
Petroleum Development Fund	2,260,945,827	2,044,457,213	90%	2,165,342,487	-6%
Road Maintenance Levy	80,386,846,811	74,457,890,778	93%	78,161,937,738	-5%
K.A.A. Concession Fees	142,868,354	119,623,493	84%	134,517,500	-11%
Road Transit Toll Levy	939,996,698	911,541,586	97%	839,715,460	9%
Sugar Levy	-	240,649		231,590	4%
Petroleum Regulatory Levy	1,231,740,444	1,072,618,605	87%	1,087,448,523	-1%
Merchant Superintendent Shipping Levy	1,681,926,461	1,535,218,237	91%	1,454,217,996	6%
Miscellaneous	4,214,000	5,548,413	132%	66,081,139	-92%
<b>Sub-total Agency</b>	<b>109,046,398,332</b>	<b>96,182,657,535</b>	<b>88%</b>	<b>102,119,164,976</b>	<b>-6%</b>
<b>Total CSD</b>	<b>518,812,991,857</b>	<b>510,647,764,776</b>	<b>98%</b>	<b>525,346,085,849</b>	<b>-3%</b>

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(ii) DOMESTIC TAXES DEPARTMENT

The following is the detailed collection analysis for Domestic Taxes Department;

a) Statement of Target Vs Actual Performance by Department

Tax head	Target - Treasury	Actual Receipts FY 2019/20	% Target realised FY 2019/20	Actual Receipts FY 2018/19	Year on year Growth
	Kshs.	Kshs.	%	Kshs.	%
<b>Exchequer</b>					
VAT-Gross Collection	246,221,823,990	228,601,155,747	93%	244,748,287,240	-7%
Less Provision for Refunds	18,000,000,000	14,400,000,000	80%	14,400,000,000	0%
VAT Domestic	<b>228,221,823,990</b>	<b>214,201,155,746</b>	<b>94%</b>	<b>230,348,287,240</b>	<b>-7%</b>
P. A. Y. E	399,941,587,422	400,754,595,293	100%	392,692,649,174	2%
Other Income Taxes	300,414,140,757	307,356,100,448	102%	287,369,805,455	7%
Turnover Tax	94,002,725	32,335,410	34%	87,726,939	-63%
Capital gain Tax	9,031,536,046	4,497,382,057	50%	2,951,245,512	52%
Rental Income	12,834,261,746	10,147,094,804	79%	8,584,081,150	18%
Excise Duty Domestic	57,192,971,622	55,720,900,497	97%	59,508,966,189	-6%
Excise Tax on Airtime	26,063,164,741	28,841,180,281	111%	25,120,188,726	15%
Excise Tax on Financial Services	25,730,876,716	24,352,662,314	95%	22,645,975,186	8%
Excise Tax on Betting Services	4,024,104,512	2,044,656,572	51%	-	0%
Betting Tax	7,514,138,423	1,961,608,473	26%	-	0%
Stamp Duty	11,388,902,545	9,115,869,554	80%	9,947,146,476	-8%
Land Rent	1,489,031,445.36	473,811,884	32%	588,327,115.00	-19%
Surplus Plus	19,203,574,194	19,203,574,194	100%	2,067,074,727	829%
<b>Sub-Total Exchequer Revenue</b>	<b>1,103,144,116,884</b>	<b>1,078,702,927,529</b>	<b>98%</b>	<b>1,041,911,473,890</b>	<b>4%</b>
<b>Agency Revenue</b>					
KEBS - Levy	538,934,851	559,853,198	104%	511,349,328	9%
Housing Levy	-	101,541	0%	76,777	32%
<b>Sub Total of Agency Revenue</b>	<b>538,934,851</b>	<b>559,954,739</b>	<b>104%</b>	<b>511,426,105</b>	<b>9%</b>
<b>TOTAL DTD</b>	<b>1,103,683,051,735</b>	<b>1,079,262,882,267</b>	<b>98%</b>	<b>1,042,422,899,995</b>	<b>4%</b>

iii) ROAD TRANSPORT DEPARTMENT

The following is the detailed collection analysis for Traffic Revenue;

a) Statement of Target Vs Actual Performance by Department

	Target - Treasury	Actual Receipts FY 2019/20	% Target realised FY 2019/20	Actual Receipts FY 2018/19	Year on year Growth
	Kshs.	Kshs.	%	Kshs.	%
Exchequer	4,566,035,811	3,591,864,603	79%	3,833,643,032	-6%
Agency	535,869,556	415,278,318	77%	468,600,400	-11%
<b>Total RTD</b>	<b>5,101,905,367</b>	<b>4,007,142,921</b>	<b>79%</b>	<b>4,302,243,432</b>	<b>-7%</b>

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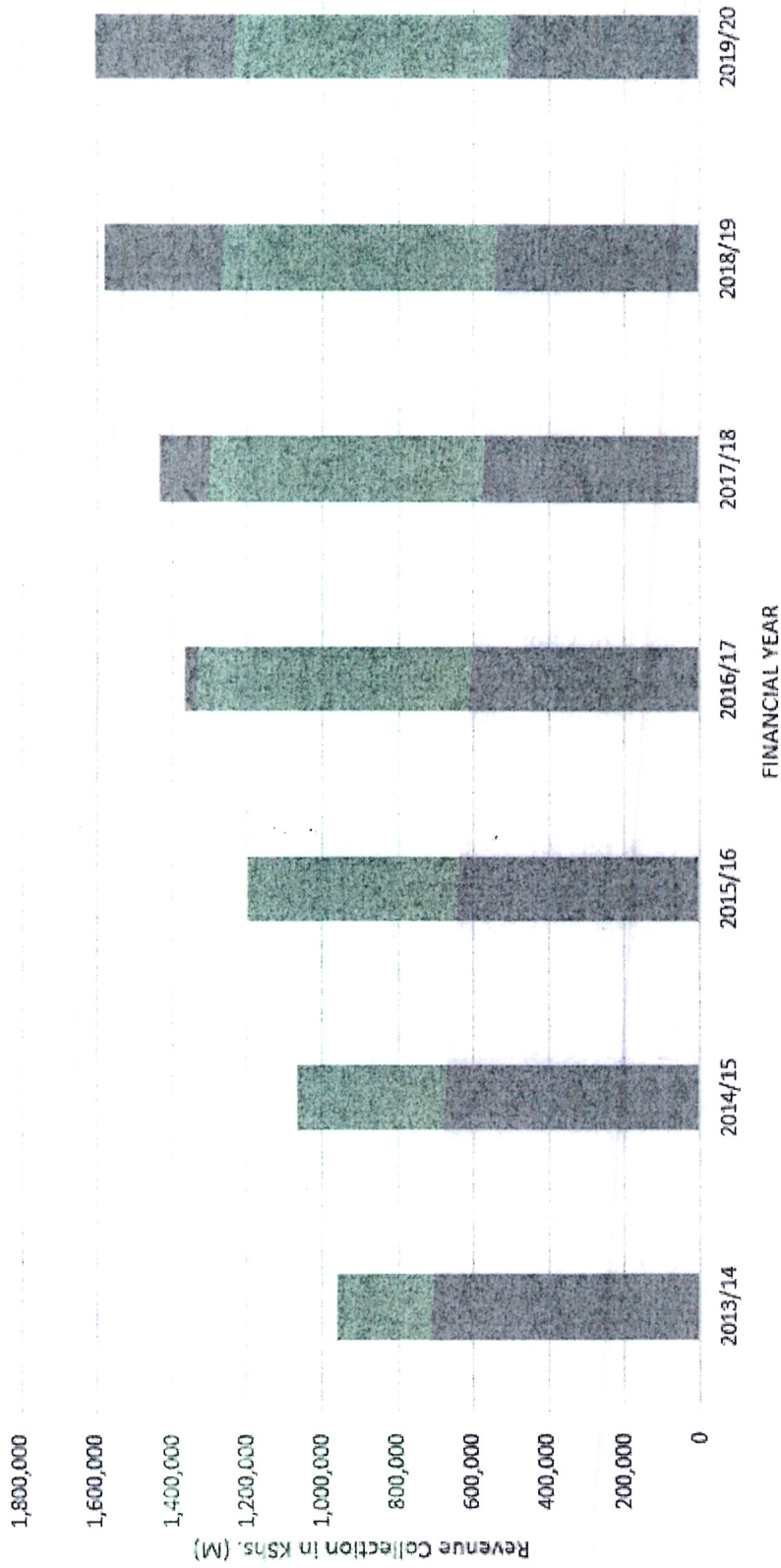
**Reconciliation between the Financial year 2019/20 KRA collections and the  
Published Treasury Figures ( Kenya Gazette Vol. CXXII-No. 140 of 17th July, 2019)**

Reconciliation item		Kshs	Kshs
KRA Gross Exchequer collections ( Notes 9 & 12)			<b>1,525,305,296,510</b>
<b>ADD:</b>	Collections for year 2018-2019 received by the National Treasury in current year	3,693,910,728	
	Collections received in July 2019 included in the National Treasury figure	10,860,739,487	
	Prior Year coll of Income Tax included Treasury Collections	218,813,716	
			14,773,463,931
<b>LESS:</b>	Provision for Refunds ( Note 14.16B)	-15,426,000,000	
	Collections remitted to Fund Accounts	-36,223,188,011	
	Surplus funds transferred directly to Treasury by State Corporations in year 2019-2020 but excluded in the National Treasury figure	-13,425,397,137	
	Cash-in Transit	-10,695,860,483	
	KRA collections for July 2018 excluded in the National Treasury figure	-6,236,364,854	
	Prior year adjustments and net Mispostings	-531,623,749	
	Excise Duty Revenue understatement in the National Treasury Figure	-27,390,000	
	<b>Non Tax Items excluded in the National Treasury amount</b>		
	Traffic Revenue	-3,570,366,605	
	Land Rent	-86,607,782,540	<b>-86,605,829,014</b>
<b>Treasury Printed figure</b>			<b>1,453,470,977,902</b>

v) Collections trend for the financial years 2013/14 to 2019/20 (Net figures in Kshs Millions)

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>C&amp;BC</b>							
Exchequer	289,689	313,291	325,272	352,939	375,888	423,227	414,465
Agency	42,142	45,132	60,731	90,585	94,180	102,110	96,183
<b>Total C&amp;BC</b>	<b>331,831</b>	<b>358,424</b>	<b>386,002</b>	<b>443,524</b>	<b>470,068</b>	<b>525,337</b>	<b>510,648</b>
<b>DTD</b>							
Exchequer	626,335	705,718	808,702	917,061	961,406	1,049,912	1,092,126
Agency	1,966	1,508	1,543	581	506	511	560
<b>Total DTD</b>	<b>628,301</b>	<b>707,227</b>	<b>810,245</b>	<b>917,643</b>	<b>961,912</b>	<b>1,050,423</b>	<b>1,092,686</b>
<b>TRD</b>							
Exchequer	2,959	2,964	2,859	3,060	2,961	3,834	3,592
Agency	732	982	1,052	1,042	405	468	415
<b>Total DTD</b>	<b>3,691</b>	<b>3,947</b>	<b>3,911</b>	<b>4,102</b>	<b>3,366</b>	<b>4,302</b>	<b>4,007</b>
<b>Total</b>							
Exchequer	918,982	1,021,974	1,136,833	1,273,060	1,340,248	1,476,973	1,510,183
Agency	44,841	47,623	63,326	92,209	95,091	103,089	97,158
<b>Total</b>	<b>963,823</b>	<b>1,069,597</b>	<b>1,200,159</b>	<b>1,365,269</b>	<b>1,435,339</b>	<b>1,580,062</b>	<b>1,607,341</b>

### KRA Revenue Performance 2013/14 - 2019/20 Annual Revenue Collection in Kshs (M)



**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY  
STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

**OPERATIONS OFFICES & BRANCHES**

The operations of the Authority are carried out at the following branches;

<b>Name of Station</b>	<b>Address</b>	<b>Telephone Number</b>
<b>Nairobi Region</b>		
Sameer Business Park	P.O. Box 46285-00100 Nairobi	0202396006/8
KESRA Centre, Nairobi	P.O. Box 30332-00100, Nairobi	0715877539
Ushuru Pensions Tower (CBC)	P. O. Box 48240 -00100 Nairobi	0709011501/2/3
Ushuru Pension Plaza	P. O. Box 48240 -00100 Nairobi	0709011501/2/3
Nairobi Railway Club	P. O. Box 48240 -00100 Nairobi	0202398470/8534, 0771628105
JKIA, Forodha House	19070 - 00501 Embakasi	0206822854-8
Namanga OSBP	9-00207, Namanga	0722602465, 0722787396
Loitokitok	P.O.Box 44 - 00209, Loitokitok	723450186
Inland Container Depot Embakasi	P.O.Box 19070 - 40100 Embakasi	0712863504, 0203546092
Wilson Airport	P. O. Box 48240 -00100 Nairobi	0206005635-6
<b>Western Region</b>		
Kisumu	P. O. Box 3636 - 40100 Kisumu	057-2020509/10
Forodha, Kisumu	P. O. Box 94 - 40100 Kisumu	0572022832/5
Kisumu Pier	P. O. Box 94 - 40100 Kisumu	0572024009
Kisumu KPC	P. O. Box 94 - 40100 Kisumu	0572024998
Kisumu Airport	P. O. Box 94 - 40100 Kisumu	0776016121
Kisumu PPO	P. O. Box 94 - 40100 Kisumu	057202488
Bungoma	P. O. Box 2576 - 50200 Bungoma	0552030840
Kakamega	P. O. Box 1776 - 50100 Kakamega	0562030358
Kisii	P. O. Box 2 - 058 Kisii	0582030908/925
Kopanga	P. O. Box 67 - 40400 Suna, Migori	0733770010
Nyamtiro	P. O. Box 94 - Kehancha	0733770008
Muhuru Bay	P. O. Box 24 - 40409 Muhuru Bay	0711635560
Usenge	P. O. Box 15532 - 00100 Usenge	0700930622
Sio Port	P.O.Box 6-50401, Sio Port	0733770606
Lwakhakha	P. O. Box 16 Lwakhakha	0725358018
Mbita	P.O BOX 262-40305, Mbita	0737729688
Isebania	P. O. Box 22 - 40414, Isebania	059-7252507, 0733770008
Malaba	P.O.Box 235, Kamuriae	055-54026, 055-54174, 0713141513
Busia	P. O. Box 54-50400	055-22040, 055-22218, 0202442296
<b>SOUTHERN REGION</b>		
Mombasa	P. O. Box 90601- 80100	0412314044/5
Ngomeni	P. O. Box 90601-80100 Mombasa	0746133685
Lamu	P. O. Box 30 - 80500 Lamu	0792973791
Voi	P. O. Box 644 - 80300 Voi	043203119
Malindi	P. O. Box 10- 80200	0422130955/0422130256
Diani	P. O. Box 90601 - 80100 Mombasa	0740131070/0742986134
KESRA Mombasa	P. O. 95705 - 80106 Mombasa	0736424200
Kilifi	P. O. Box 95707 - 30315 Kilifi	0709747429
Shimoni	P. O. Box 50 Shimoni	0791480247
Vanga	P. O. Box 7 - 80402 Lungalunga	0732255571/0724479067
Taveta OSBP	P. O. Box 197-80302, Taveta	0741443164/0741443176
Mazeras	P. O. Box 90601- 80100	0746133673
Kiunga	P. O. Box 30, Kiunga	0712250558
Port Operations	P. O. Box 95300- 80107, Kilindini	041225811/0412225812
Mombasa Airport	P. O. Box 90603- 80100	0791480247/0775232705

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY  
STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

<b>NORTH RIFT REGION</b>		
Eldoret	P. O. Box 402 - 30100 Eldoret	053-2062300/2062607
Eldoret KPC	P. O. Box 402 - 30100 Eldoret	0202003797/0202003799
Eldoret EIA (Eldoret Airport Warehouse)	P. O. Box 402 - 30100 Eldoret	053-2061299
Eldoret EIA (Eldoret Airport Bargage Hall)	P. O. Box 402 - 30100 Eldoret	053-2062839
Eldoret EIA (Scanner)	P. O. Box 402 - 30100 Eldoret	053-2061299
Eldoret Postal Corporation	P. O. Box 402 - 30100 Eldoret	0774914443
Kitale	P. O. Box 2673 - 30200 Kitale	0202398707/0207859501
Lodwar	P. O. Box 438 - 30500 Lodwar	0202398852/0778016179
Suam River	P. O. Box 524 - 30200 Suam	0202001070
Lokichoggio	P. O. Box 121 - 30503 Lokichoggio	0774914485
Lokichoggio Airport	P. O. Box 121 - 30503 Lokichoggio	0774914485
Nadapal	P. O. Box 121 - 30503 Lokichoggio	0774914490
<b>SOUTH RIFT REGION</b>		
Nakuru	P. O. Box 270 Nakuru	0512213926, 0512213927, 512213883, 0512213891
Maralal	P. O. Box 114 Maralal	0202397073, 0776746515
Kericho	P. O. Box 796 Kericho	052220104, 0711590909, 0798482065, 0798482065
Kericho-DC'S Office	P. O. Box 796 Kericho	0522021122
Nyahururu	P. O. Box 446 Nyahururu	0798482066
Narok	P. O. Box 1161 Narok	0770972346, 0770591459, 0709678601
Naivasha	P. O. Box 1645 Naivasha	0502030085, 0502030086
Nakuru-PPO	P. O. Box 270 Nakuru	0774502982
Nakuru-KPC	P. O. Box 270 Nakuru	0778010929
<b>NORTHERN REGION</b>		
Embu	P. O. Box 495 - 60100 Embu	0730716071
Elwak	P. O. Box 218-70200 Elwak	0774356219
Mandera	P. O. Box 96 - 70301 Mandera	0774356219
Garissa	P. O. Box 1145 - 70100 Garissa	0709016403
Wajir	P. O. Box 218-70200 Wajir	0776018838
Machakos	P. O. Box 756-90100 Machakos	0773394344
Kitui	P. O. Box 195 - 90200 Kitui	0771095882
Meru	P. O. Box 256-60200, Meru	202000237, 0773394344
Isiolo	P. O. Box 722-60300, Isiolo	0773394344
Moyale	P. O. Box 6-60700 Moyale	020200249
Diffu	P. O. Box 218 - 70200 Wajir	C/o Wajir office
Kajiado	P. O. Box 720 - 01100 Kajiado	770495367
Liboi	P. O. Box 218-70200	
<b>CENTRAL REGION</b>		
Nyeri	P. O. Box 677 - 10100 Nyeri	061-2030726-9, 0732697130, 0702697805
Nanyuki	P. O. Box 1787-10400, Nanyuki	062 - 2030000, 062 - 2031874
Kerugoya	P. O. Box 142 - 10300, Kerugoya	060 - 2021003, 709 - 752 722
Murang'a	P. O. Box 426-10200, Murang'a	060-2030700-4
Thika	P. O. Box 893-01000, Thika	067 - 2221701-5, 741 - 852
Kiambu	P. O. Box 2007-00900, Kiambu	0709752723, 0770804037, 0774779403, 0770806787

