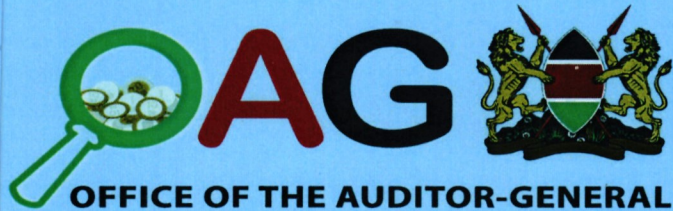
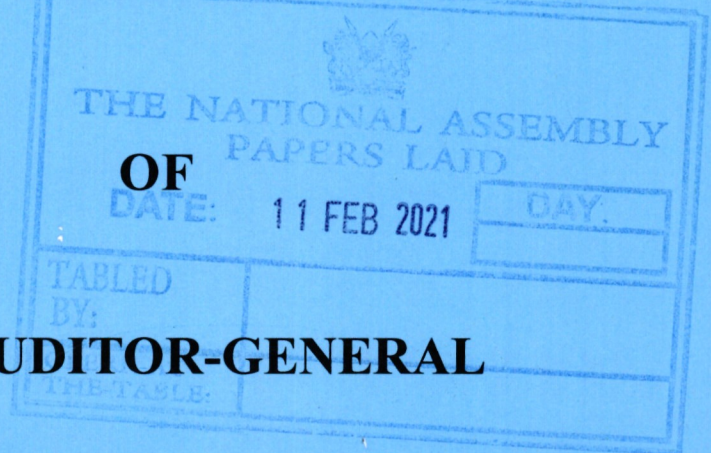
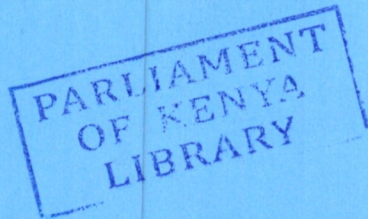


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



THE AUDITOR-GENERAL

ON

**REVENUE ACCOUNTABILITY
STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE, 2019**

KENYA REVENUE AUTHORITY




KENYA REVENUE
AUTHORITY

ISO 90001:2015 CERTIFIED

REVENUE ACCOUNTABILITY STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2019

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**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

TABLE OF CONTENTS

1. KEY INFORMATION AND MANAGEMENT	2
2. BOARD OF DIRECTORS	4
3. MANAGEMENT TEAM.....	11
4. CHAIRMAN'S STATEMENT	15
5. COMMISSIONER GENERAL'S STATEMENT	18
6. CORPORATE GOVERNANCE STATEMENT.....	27
7. CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	32
8. REPORT OF THE BOARD DIRECTORS.....	34
9. STATEMENT OF DIRECTORS' RESPONSIBILITES	35
10. STATEMENT OF REVENUE COLLECTION AND TRANSFERS	36
11. STATEMENT OF FINANCIAL POSITION	37
12. STATEMENT OF TARGET VS ACTUAL PERFORMANCE BY TAX HEAD AND AGENCY ...	38
13. STATEMENT OF TARGET VS ACTUAL PERFORMANCE BY DEPARTMENT	44
14. ACCOUNTING POLICIES.....	45
15. NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT	47
16. APPENDICES	62

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

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 30th June 2019 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

John K. Njiraini.
Elizabeth Moyo.
Kevin Safari.
Ezekiel Saina.
David Yego.
Mohamed Omar.
Paul Matuku.
Githii Mburu.
Fred Mugambi.
Josephat Omondi.
Grace Murichu.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

(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 , cic@kra.go.ke
Website 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,
Kenya National Audit Office,
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.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

2. BOARD OF DIRECTORS

(a) 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 (LAPSSSET) and BRITAM Holdings Limited.

(b) HON. MRS. ROSE WARUHIU, OGW



Hon. Mrs. Rose Waruhiu is a Member of the Board of Directors of Kenya Revenue Authority (KRA) on 21st October, 2016.

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 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 Vice Chair of National Council of Women.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

She has been Chairperson of the Finance, Administration and Procurement Committee and a Member of the Audit and Risk and Revenue, Strategy and Technology Committees of the Authority's Board of Directors.

(c) 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.

He has been a Member of the Revenue, Strategy and Technology and Human Resources Committees of the Authority's Board of Directors respectively.

(d) 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).

He has been the Chairperson and Member of the Revenue, Strategy and Technology and Human Resources Committees of the Authority's Board of Directors respectively.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

(e) 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 has been a Member of the Finance, Administration and Procurement Committee of the Authority's Board of Directors.

(f) MR. MUKESH K R SHAH



Mr. Mukesh K.R. Shah was appointed a Member of the Board with effect from 30th May, 2018.

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.

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.

He has been Chairperson and Member of the Audit and Risk and Revenue, Strategy and Technology Committees of the Authority's Board of Directors respectively.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

(g) 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).

(h) COMMISSIONER GENERAL, MR. JOHN K. NJIRAINI, CBS



He was appointed Commissioner General of Kenya Revenue Authority on 3rd March, 2012. He served the Authority up to his retirement on 30th June 2019.

He holds a Bachelor of Commerce (First Class Honours) and Master of Business Administration (MBA) degrees from the University of Nairobi.

He served as the Chief Executive of the Institute of Certified Public Accountants of Kenya (ICPAK) between 1996 and 2006. Mr. Njiraini also served as a Lecturer, Department of Accounting, at the University of Nairobi between 1984 to 1994 and in various audit capacities with Deloitte Haskins & Sells (now Deloitte) and Price Waterhouse (now PricewaterhouseCoopers).

He has also served in various Government Boards and Task Forces including the Permanent Public Service Remuneration Review Board, Local Authorities Transfer Fund Advisory Board, Registration of Accountants Board and the Pending Bills Closing Committee, among others.

(i) POST BALANCE SHEET EVENT:

APPOINTMENT OF COMMISSIONER GENERAL, MR. GITHII MBURU



Mr. Githii Mburu was appointed Commissioner General with effect from 1st July, 2019.

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

(j) CABINET SECRETARY, THE NATIONAL TREASURY– MR. HENRY K. ROTICH, EGH



Mr. Henry K. Rotich, EGH was appointed Cabinet Secretary for the National Treasury on 15th May 2013. He holds Bachelor and Master's degree in Economics from the University of Nairobi. He also holds a Master's Degree in Public Administration (MPA) from the Harvard Kennedy School, Harvard University.

He had worked at the Treasury, Ministry of Finance and the Central Bank of Kenya. He had been earlier attached to the International Monetary Fund (IMF) local office in Nairobi.

He has also been a Director of several Boards of State Corporations including; Insurance Regulatory Board, Industrial Development Bank, Communication Commission of Kenya and Kenya National Bureau of Statistics.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

**(k) CABINET SECRETARY, THE NATIONAL TREASURY– AMB. UKUR
YATANI, EGH**



Ambassador Ukur Yatani was appointed Acting Cabinet Secretary for the National Treasury on 24th July 2019. He holds a Master in Public Administration and Public Policy degree from the New York University in the UK.

He has served as District Officer (DO), a District Commissioner (DC) and a Member of Parliament for North Horr constituency. He also served in the Cabinet as the Assistant Minister, Ministry of Science and Technology.

He has also served as Kenya's Ambassador to Austria, with accreditation to Hungary and Slovakia and as Kenya's permanent representative to the United Nations in Vienna.

**(l) 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 also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya

(ICPAK).

He is currently the Director General, Accounting Services and Quality Assurance at the National Treasury.

He is also the Chairperson of the Public Sector Accounting Standards Board of Kenya and represents the Cabinet Secretary, National Treasury in the Boards of Kenya Revenue Authority (KRA), Kenya Accountants and Secretaries Examinations Board (KASNEB) and Kenya Medical Supplies Authority (KEMSA)

He has worked on a wide range of public and private finance management specialties having worked with accounting firms including PriceWaterhouseCoopers (PwC) and Ernst and Young (EY) prior to joining the National Treasury.

(m) ATTORNEY GENERAL – HON. PAUL KIHARA KARIUKI



He was admitted to the Bar in 1978 after completing his Post Graduate Diploma in Law at the Kenya School of Law, Nairobi. He practiced law at Ndung'u Njoroge and Kwach Advocates, Hamilton Harrison and Mathews Advocates as well as other legal establishments.

In 2003 he was appointed to serve as Principal and Chief Executive officer at Kenya School of Law. In the same year, he was appointed Judge of the High of Court of Kenya where he served in both the Civil

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

and Commercial Divisions for several years. Between 2009 and 2013, he served as the first Director at the Judiciary Training Institute, where he established operational systems for the technical arm of the Judiciary incorporating professional development for all Judges, Magistrates and Paralegal Staff of the Judiciary. He was appointed the President of the Court of Appeal in 2013 and the Attorney General of the Republic of Kenya in March, 2018.

As the President of the Court of Appeal he was instrumental in the decentralization of the court to Kisumu, Malindi and Nyeri Counties. He also led to the development of the blue print 10 point strategy for the transformation of the courts that culminated in the Court of Appeal Bill and the Strategic Plan of the Court of Appeal of Kenya.

He served as the Chancellor or the Honorary Legal Advisor for the Anglican Church of Kenya, Member of the Kenya Anti-Corruption Authority Advisory Board and the Chairman of the Thomas Banados and Rotary International.

He is an esteemed member of the Law Society of Kenya, Commonwealth Lawyers Association and International Bar Association.

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



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 holds a Bachelor of Laws (LLB) and a Master's degree in Business Administration from the University of Nairobi.

She is Senior Deputy Solicitor General and Secretary - Justice and Constitutional Affairs, the current Head of the State Department of Justice, Office of the Attorney General and Department of Justice.

She is 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.

3. MANAGEMENT TEAM

(a) John Njiraini, CBS



He was appointed Commissioner General of Kenya Revenue Authority on 3rd March, 2012. He served the Authority up to his retirement on 30th June.

He holds a Bachelor of Commerce (First Class Honours) and Master of Business Administration (MBA) degrees from the University of Nairobi.

He served as the Chief Executive of the Institute of Certified Public Accountants of Kenya (ICPAK) between 1996 and 2006.

Mr. Njiraini also served as a Lecturer, Department of Accounting, at the University of Nairobi between 1984 to 1994 and in various audit capacities with Deloitte Haskins & Sells (now Deloitte) and Price Waterhouse (now PricewaterhouseCoopers).

He has also served in various Government Boards and Task Forces including the Permanent Public Service Remuneration Review Board, Local Authorities Transfer Fund Advisory Board, Registration of Accountants Board and the Pending Bills Closing Committee, among others.

(b) Githii Mburu



He was appointed Commissioner, Intelligence & Strategic Operations with effect from 3rd April, 2017, a position he served until his appointment as Commissioner General with effect from 1st July, 2019.

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.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

(c) Kevin Lewis Safari



Mr Safari was appointed as Commissioner, Customs & Border Control Department from 18th February, 2019.

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.

(d) Elizabeth Odundo Meyo



Mrs Elizabeth Meyo was appointed the Commissioner, Domestic Taxes Department with effect from 5th 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).

(e) 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 upto 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.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

(f) Dr. Mohamed Mohamud



Dr Mohamed Omar was appointed Commissioner, Strategy Innovation & Risk Management from 1st October, 2015. His contract was renewed on 1st 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.

(g) 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 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.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

(h) David Yego



Mr. David K.S. Yego, was appointed Commissioner, Investigations & Enforcement Department from 22nd March, 2017.

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).

(i) Dr. Fred Mugambi Mwirigi



Dr Fred Mugambi Mwirigi was appointed as Head of the Kenya School of Revenue Administration (KESRA) with effect from 15th 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.

(j) Ruth Wachira



She was appointed Ag. Commissioner of Domestic Taxes from 30th September 2018 to 4th April 2019.

She holds a Bachelor of Science degree – BSC. Dental Surgery and a Master of Business Administration (MBA) both from University of Nairobi. She is a Certified Public Accountant of Kenya – CPA (K) and a Certified Information Systems Auditor (CISA).

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

4. CHAIRMAN'S STATEMENT

FOREWORD

It is my pleasure to present the Annual Report and Financial Statements of the Kenya Revenue Authority for the Financial Year 2018/19. This is the first Annual Report prepared within the implementation period of the Authority's Seventh Corporate Plan (2018/2019 - 2020/2021). One of the fundamental drivers that will guide the 7th Corporate Plan is the transformation agenda. The key focus of this transformation agenda is to become more customer-focused with a view to enhancing compliance among the taxpayers.

The year 2018 was characterized by decelerated growth in the global economy though the Sub-Saharan Africa region remained on a recovery path. Despite the slow economic growth globally and in the region, Kenya recorded an improved growth. The growth was attributable to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities. Kenya continues to be ranked favorably in the ease of doing business and as a top investment destination. In the 2019 World Bank's Doing Business Report, Kenya was ranked position 61 in 2018 moving 19 places from position 80 in 2017.

OVERVIEW OF ECONOMIC PERFORMANCE IN 2018/19

Global Economy

The global economy experienced decelerated growth of 3.6% in 2018 compared to a 3.8% growth in 2017. The slowdown was as a result of the weakening growth rate in both the advanced and emerging market economies mainly due to the negative effects of trade tensions between the United States and China.

The Budget Policy Statement for 2019 shows that the Sub-Saharan Africa economy grew by 2.9% in 2018 up from 2.7% in 2017. The growth was largely attributed to favorable commodity prices, stable macroeconomic environment, ongoing infrastructure investments, and strong private sector consumption.

Kenya Economy

Based on the 2019 Budget Policy Statement, Kenyan economy remained resilient during the first three quarters of 2018. The economy registered an average growth of 6.0% after it grew by 5.8%, 6.2% and 6.0% during the first, second and third quarters of 2018, respectively. Economic growth for 2019 is projected to improve further to 6.2% partly supported by the increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector.

Growth in sectoral output was recorded across the major sectors of the economy. The 2019 Economic survey shows that the agricultural, manufacturing, transport and storage, tourism, information, and communication sectors all registered growth and expansion for the period under review. However, there was a decelerated growth in the construction sector during the

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

period under review. Growth in agricultural value added products, at constant prices increased to 6.6% in 2018 from 1.8% in 2017 partly attributed to the favorable weather conditions for both crop and livestock.

Similarly, manufacturing sector registered a growth of 4.2% compared to a revised growth of 0.5% recorded in 2017. This was partly attributed to agro-processing activities and production of beverages that recovered from considerable declines in 2017. Formal employment in the manufacturing sector grew by 1.4% during 2018 to 307,592 persons accounting for 11.1% of the total formal employment.

During the review period, transport and storage sector expanded by about 8.8% compared to 7.2% it recorded in 2017. The growth was partly due to the increased activity in railway transport that has been performing well since the introduction of the Standard Gauge Railway (SGR) train services. In addition, the sectoral growth was supported by the increased water transport activities, with the number of throughput and the volume of container traffic handled at the port of Mombasa increasing from 2.2% and 9.6%, respectively, in 2018.

There was also an expanded growth in the information and communication sector. The value of Information and Communication Technology expanded by about 12.9% in 2018 to record Kshs.390.2 billion up from Kshs.345.6 billion in 2017. The growth was driven by growth in the digital economy. The total number of mobile transceivers grew by 16.9 from 184,149 in 2017 to 215,276 in 2018. Similarly, the number of fourth generation (4G) technology mobile transceivers also grew by about 93% from 3,873 in 2017 to 7,469 in 2018.

Revenue Performance

During the financial year 2018/19, KRA collected **Kshs.1,571 billion** against a target of **Kshs.1,643 billion**. This represents a performance rate of **96.1%** and revenue growth of 11.1% over **Kshs.1,419 billion** collected in financial year 2017/18.

Exchequer Revenue

KRA collected a total of **Kshs.1,469 billion** against a target of **Kshs.1,553 billion** translating to a performance rate of **95.1%**.

Agency Revenue

Kshs.103.1 billion was collected as Agency revenue against a target of **Kshs.89.7 billion** translating to a performance rate of **114.9%**.

FUTURE OUTLOOK

Globally

The global economic growth is projected to slow down to 3.5% in 2019 from an estimate of 3.7% in 2018. This slowdown will primarily be as a result of weakening growth rate in both the advanced and emerging market economies mainly due to the negative effects of trade tensions between the United States and China.

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

However, in sub-Saharan Africa growth is expected to improve from 2.9% in 2018 to 3.5% in 2019, supported by higher commodity prices, improved capital market access and contained fiscal imbalances in many countries. Further, growth in the East African Community (EAC) region is estimated to improve from 5.9% in 2018 to 6.3% in 2019 supported by a stable macroeconomic environment, rebound in agricultural activities on the backdrop of favorable weather conditions, ongoing infrastructure investments, and strong private consumption.

Kenya

Kenya's real GDP is estimated to have expanded by about 6.3% in 2018 compared to a revised growth of 4.9% in 2017. This growth is attributed to among other factors, increased agricultural production, sustained growth in the transportation, accelerated manufacturing activities and vibrant service sector activities. However, the growth for 2019 looks less optimistic on account of delayed long rains and depressed rainfall in most parts of the country. Nevertheless, the World Bank macroeconomic outlook estimates the economy to grow by 5.7% in the year 2019, 0.1%age point below IMF projection.

Appreciation

On behalf of the entire Board of Directors, I wish to thank all the taxpayers who complied with their tax obligations and our strategic stakeholders who have partnered with us in our transformation journey to enhance revenue mobilization and more efficient customer service. We are optimistic that with your continued support, KRA will continue to effectively carry out its mandate and mobilize the much-needed resources to finance Government expenditure. I also wish to extend my appreciation to the management and staff of the Authority for their continued hard work, commitment and dedication which enabled KRA to increase revenue collection thereby registering growth of 11.3% despite the challenging macroeconomic conditions in the country.

In my capacity as the Chairman of the Board, I wish to take this opportunity, on behalf of other Board members, to thank H. E. The President, the National Government, the National Treasury and Planning Ministry, Counties, and Parliament for the invaluable support we continue to receive from them in the performance of our duties.

In conclusion, I wish to express my sincere appreciation to my fellow Board Members for their unwavering support and hard work during the year. It is my firm belief that the team will steer the Authority to an even better Performance in the 2019/2020 financial year.



Amb. (Dr.) Francis Muthaura, EGH

CHAIRMAN

5. COMMISSIONER GENERAL'S STATEMENT

(a) INTRODUCTION

It gives me great pleasure to present to you the highlights of the Kenya Revenue Authority performance for FY 2018/19. This was the first financial year in the 7th Corporate Plan themed as "***Revenue Mobilization through Transformation, Data-Driven decision-making, and Tax Base expansion***". KRA's contribution will be mapped out through revenue mobilization with a view to raising the Revenue/GDP ratio from 18.3% recorded during the 2017/18 financial year to 19.2% by the 2020/21 financial year.

(b) OPERATING ENVIRONMENT

Kenya's GDP growth rate was estimated at 6.3% in 2018 compared to a forecast of 6.1% based on the 2019 Budget Policy Statement. The GDP growth is expected to rise to 6.2% in 2019.

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

- The overall rate of inflation increased from 4.3% in June 2018 to 5.7% in June 2019.
- The foreign exchange market has remained relatively stable. The exchange rate of Kenya Shilling to US Dollar averaged at 101.1 during the Financial Year compared to 102.4 for the FY 2017/18.
- The FOB value of total exports decreased by 13% from Kshs. 53.8 billion in June 2018 to Kshs. 46.4 billion in June 2019. On the other hand, the CIF value of imports increased marginally from Kshs. 134.5 billion in June 2018 to Kshs. 134.6 billion in June 2019.
- The average yield rate for 91-day Treasury bill rate declined from 7.83% in June 2018 to 6.90% in June 2019 indicating a general decline in interest rates in the economy.
- The Nairobi Securities Exchange (NSE) 20 share index decreased from 3,286 points in June 2018 to 2,834 points in December 2018 and 2633 points in June 2019.

(c) REVENUE PERFORMANCE

Cumulative revenue collections (July 2018 - June 2019) stood at Kshs. 1, 571 billion against a target of Kshs.1,643 billion, a performance rate of 96.2% and a growth of 11.3% as presented in the Table 1 below.

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

Table 1: Revenue Collection (Kshs. Billion)

Department	Appendices	Actual 2018/19	Target 2018/19	Performance Rate (%)	Actual 2017/18	Growth Over 2016/17 (%)
Customs Services	Appendix 15(i)	526	525	100.1	473	11
Domestic Taxes	Appendix 15(ii)	1,056	1,131	94	976	9
Road Transport	Appendix 15(iii)	4	4	108	3	28
Total (Gross)		1,586	1,660	96	1,452	10
Less: Provision for Refund						
Customs Services	Appendix 15(i)	1	2.7	34	3	
Domestic Taxes	Appendix 15(ii)	14	14.4	100	14	
Road Transport	Appendix 15(iii)	-	-	-	-	-
Net Collections						
Customs Services	Appendix 15(i)	525	523	100	470	12
Domestic Taxes	Appendix 15(ii)	1,042	1,116	94	962	9
Road Transport	Appendix 15(iii)	4	4	97	3	28
Total (Net)		1,571	1,643	96	1,435	10

(i) Customs and Border Control Department

Total exchequer and agency customs collections during FY 2018/19 amounted to Kshs.525.34 billion against a target of Kshs.522.78 billion translating to a performance rate of 100.5% and a growth of 11.8% over FY 2017/18. Net import duty grew by 12% to Kshs. 105.2 billion while net excise duty grew by 6% to Kshs. 88.5 billion. Annual collections in Petroleum Taxes amounted to Kshs. 170.9 billion while Trade Taxes amounted to Kshs. 334.6 billion recording a growth of 16.3% and 9.3%, respectively, over FY 2017/18.

(ii) Domestic Taxes Department

Total domestic exchequer and agency collections during FY 2018/19 amounted to Kshs. 1,042.42 billion against a target of Kshs.1,116.4 billion translating to a performance rate of 94.1% and a growth of 11.0% over FY 2017/18.

Direct domestic taxes collected during the financial year amounted to Kshs. 701.8 billion representing a growth of 8.7% over FY 2017/18. Direct domestic taxes included: PAYE-56%; Corporate Taxes-24%, withholding taxes-15%, and the remaining 5% comprised of individual taxes, Turn-Over-Tax, Capital Gains Tax and Rental Income Tax.

Indirect taxes collected during the Financial Year amounted to Kshs. 348.2 billion representing a growth of 16.2% over FY 2017/18. This growth in indirect taxes was mainly driven by a 60.8% growth in excise duty on airtime from Kshs. 15.6 billion to Kshs. 25.1 billion and 42.4% growth of excise tax on money transfer from Kshs.15.9 billion in 2017/18 to Kshs. 22.6 billion in 2018/19.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

(iii) Transport Department

Transport revenue for the 2018/19 FY was Kshs. 4.30 billion and accounted for 0.27% of the total collections during the year. The collection was a 27.8% growth compared to Kshs. 3.37 billion collected in 2017/18 FY.

(D) REVENUE ADMINISTRATION TRANSFORMATION

KRA continues to scale up reforms that will transform the organization to be fully integrated and customer-focused. The key reform initiatives implemented during the financial year are detailed below:

(i) iTax System Improvement

This is a web-based system that offers services including electronic registration of taxpayers, electronic filing, self-service ledger accounts, electronic receipting of tax payments and back office functions for Domestic Taxes Department. During this financial year, key improvements on the iTax system included:

- Delivery of Debt module.
- Invoice auto reconciliation module.
- Implementation of online customer support framework.
- Personal Identification Number Business Process Reengineering (PIN BPR) completed.

(ii) New Data Centre (NDC)

This project aims at implementing an enterprise risk management framework that will build resilience for business processes recovery and resumption in case of a disaster. The project will also improve IT operational efficiency and reliability. The New Data Centre facility, which is complete, will enhance availability, continuity and response times of business systems. Progress made so far include:

- Systems migration, testing and changeover.
- Integration with iTax and payment gateway.
- Prioritization of systems migration order completed. Migrations include iSupport, Corporate Website and Integrated Customs Management System (iCMS).

(iii) Integrated Customs Management System (iCMS)

The Integrated Customs Management System (iCMS) is an integrated system that consolidates all customs procedures for the clearance of cargo and border control. The aim of the iCMS project is to automate all Customs processes while adopting best technology practices for

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

facilitation of trade by integrating the different systems used for Customs processes in the Authority.

The system has two-way integration with the iTax system which enables data sharing on importers to monitor domestic tax declarations. The progress made in implementation of iCMS includes:

- 80% completion of the development work (including integrations with stakeholder systems). Go live for Air achieved in April 2019 with go live for Sea and Air scheduled for July 2019).
- One year pilot for Air completed.

(iv) iSupport System

The KRA iSupport system is an Enterprise Resource Planning (ERP), whose aim is to replace the standalone systems by integrating their functions into a single automated system that runs off a single database. The system is expected to facilitate management of corporate operational performance to improve KRA's performance and employee productivity through the following solutions:-

- Providing timely and accurate information to support efficient tax administration operations, planning and reporting for the KRA;
- Stimulating integration of financial and operational activities through streamlined and efficient workflows and documents management;
- Building centralised service capability;
- Providing better business insight and
- Tracking key operational performance indicators on a real time basis for prompt management decision making.

The iSupport system implementation is complete and the rolled out modules include Travel Management, Payroll, Performance Management, Medical Management, e-Recruitment, and Assets Disposal.

(v) Tax Invoice Management System (TIMS)

KRA is in the process of developing Tax Invoice Management System (TIMS) to safeguard tax revenue against electronic sales suppression while allowing for real-time tax collections at traders' tills. The TIMS implementation aims at addressing the challenge posed by the rapidly changing business environment requiring the use of electronic sales systems and digital payments. Under the VAT enhancement strategy, the need for ensuring simplicity and accuracy in input, output, credit VAT information and reconciliation between filed returns and payments is paramount. Once TIMS is fully implemented, KRA will be able to operationalize

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

real-time VAT collections to enhance compliance for mobile and electronic business transactions. TIMS will also enhance capability for reporting projections on VAT collections.

The implementation of TIMS will ensure;

- Real time validation of invoices at the trader tills prior to issuance to the customer and KRA tax system.
- Standardization of tax invoices and receipts for compliance with tax legislation.
- Simplification of return filing in order to enhance voluntary compliance.
- Improve accuracy of VAT data for transactional purchases and sales information.

(vi) Integrated Scanner Management Solution (iScan)

The integrated scanner management solution (iScan) seeks to enhance security of containers on transit, improve reliability and reduce the risks faced by the inspection staff. The objective of this project is to provide a centralized integrated scanner management solution with real time processing, inspection information collection, inspection data management and advanced analysis capability. The following interventions have been undertaken:

- Establishment of a centralised command centre and scanner integration.
- Installation and operationalization of additional 9 scanners – this aims at operationalizing scanners at Kapenguria and Kilindini port (G-section), operationalizing 10 baggage (mobile) scanners from the Chinese government; procuring scanners (SGR component), relocating the Inland Container Depot (ICD) scanner to Malaba and constructing scanner shed.
- CCTV Integration – this involves CCTV Integration for 22 Container Freight Station (CFS) and Inland Container Depot.

(vii) Data Warehouse and Business Intelligence (DWBI) Solution

KRA is implementing the Data Warehouse and Business Intelligence (DWBI) Project. The main objective of the project is to enable KRA's Transformation to an efficient Data and Intelligence driven Tax Administration. The DWBI solution will enable KRA to aggregate relevant data from both internal and external sources for enhanced information on taxpayers thereby facilitating evidence based decision making. The Business Intelligence component will provide useful insights from the aggregated data for efficiency through enhanced Tax Administration Strategies.

In addition, the DWBI is expected to deliver the following benefits;

- a) **Fact based decision making:** Linking data from multiple KRA systems to enable better reporting, analysis and knowledge based decision making;

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

- b) **Enhanced tax compliance** by enabling single view of the taxpayer and providing access to strategic third party data; and
- c) **Enhanced operational efficiency** by enabling fast and easy access to data and information; increase KRA's capacity to detect fraud by providing tools to detect trends and patterns.

The DWBI Project is being implemented in 3 phases as follows;

Phase 1 Deliverables;

- a) Centralized data repository (Data warehouse) & Integrations
- b) Risk Analysis module
- c) Case Management module

The capabilities delivered by the completed Phase 1 of the DWBI include ability to read and upload third Party Data, Case Selection, Taxpayer risk based Profiling, and Workflow automation.

Phase 2 Deliverables

- a) Business Intelligence
- b) Reports
- c) Dashboards

This phase is 40% completed.

Phase 3 Deliverable

Advanced Analytics

(E) KEY ACHIEVEMENTS IN THE FINANCIAL YEAR 2018/19

The key achievements during the FY 2018/19 include:

(i) Broadening the tax base

During the 2018/19 FY, active taxpayers increased to 4.65 million by the end of the third quarter. From July 2018 to April 2019, 32,333 landlords were recruited into the tax net of which 26,042 was through Block Management System (BMS) and 6,291 through the use of third party data.

The launch of iScan from 1st October 2018 led to improved voluntary compliance as there was no case for Gross mis-declarations from November, 2018 to May 2019. Further, compliance in terms of proper declarations increased from 86% (Before the launch of iScan) to 97% (After the launch of iScan).

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

KRA continued to leverage on government automation where various third-party systems (NTSA-TIMS, e-ProMIS, NHIF, NSSF and IFMIS including IFMIS County Compliance) were identified to further drive recruitment. KRA's integration with these systems is at different levels of implementation with PPRA fully integrated.

(ii) Revamped debt program

During the Financial Year, the debt module on the iTax system was fully utilized. It facilitated a single view of all taxpayers' transactions and improved debt collection. To fast-track the debt recovery process timelines for hard-core cases, operation of debt enforcement was decentralised to all regional offices with effect from 1st January 2019.

During the year, KRA implemented Data Analytics to enhance debt collections by focusing on key priority debts that are easier to recover as follows: Current debts cases (i.e. 0-6 Months), debts emanating from agency taxes (i.e. VAT, PAYE, WHT and Excise) and debts with high values for each of the TSOs. The total debt collections for the period July- May, 2019 was kshs. 36,054 Million.

(iii) Creation of a Tax Dispute Resolution (TDR) Division

During the FY 2018/19, a full-fledged TDR division was created and resourced. There was also recruitment of independent experts to handle disputes. There was also the roll out of restructured tax objections process as well as regular engagements with the stakeholders.

(iv) Enhancing integrity

KRA aspired to attain a Corruption Perception Index of 10% by 2021 through a raft of interventions including creation of awareness for the stakeholders, system reviews and automation and efficient inter-agency collaboration. During the financial year, 5,599 individuals were sensitized, 158 individuals were prosecuted, and collaboration with two agencies achieved.

(F) HUMAN RESOURCE REVIEW

(i) Senior Staff Changes

Mr. John Njiraini's contract ended on 30th June 2019 as the KRA Commissioner General with Mr. James Githii Mburu being appointed to take over as the new Commissioner General with effect from 1st July 2019. Mr. Kevin Lewis Safari was appointed as Commissioner, Customs & Border Control Department from 18th February 2019 while Mrs. Elizabeth Odundo Meyo was appointed Commissioner, Domestic Taxes Department from 5th April, 2019. Mr. Paul Muema Matuku was appointed as the Commissioner, Legal Services & Board Coordination and Dr. Fred Mugambi Mwirigi was appointed as Head of KESRA, both appointments taking effect from 15th May 2019.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

Staff Complement as at 30.06.2019

S/no	Department	Count	Percentage (%)
1	Corporate Support Services	1,260	15.98%
2	Customs & Border Control	2,101	26.65%
3	Domestic Taxes Department	2,755	34.94%
4	Intelligence & Strategic Operations	127	1.61%
5	Internal Audit Department	39	0.49%
6	Investigations and Enforcement	240	3.04%
7	Kenya School of Revenue Administration	130	1.65%
8	Legal Services & Board Coordination	141	1.79%
9	Marketing & Communication	797	10.11%
10	Strategy, Innovation and Risk Management	268	3.40%
11	CG/ Transformation Leadership Office	27	0.34%
	Grand Total	7,885	100.00%

(ii) Staff Motivational and Welfare Programs

In the financial year 2018/19, KRA addressed staff motivation by implementing various welfare activities that include wellness programs, health talks, health hikes, Alcohol and Drug abuse prevention programs. The authority has also provided motivational benefits which include Mortgage as well as car and laptop loans for staff.

(iii) Competency Development

KRA facilitated delivery of 24 technical and cross cutting programs for 594 staff and 41 Continuous Professional Development programs for 254 staff at a total cost of 34,779,506. This was possible through re-allocation from Departments and reimbursement from National Industrial Training Authority (NITA).

(iv) Human Resource Projects

During the year, KRA undertook a Job Evaluation exercise through a consultant. The exercise also included validation of all Job descriptions in the Authority.

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

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 15 Meetings during the period under review.

Board Committees

The Board had four (4) standing Committees during the year, 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 monthly and its Members were:

- (a) Ms. Susan Mudhune,
- (b) Mr. Leonard Ithau,
- (c) Mr. Paul Icharia and
- (d) Commissioner General.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

F. FUTURE OUTLOOK

The Treasury revenue target for the financial year 2018/19 is Kshs. 1.94 trillion. From this set target, Kshs. **1.85** trillion (95.2%) is Exchequer revenues while Kshs. 92.2 billion (4.8%) is the agency revenue. The National Treasury target represents a growth of 22.7% over the revenue collection in FY 2018/19 (Kshs. 1.58 trillion).

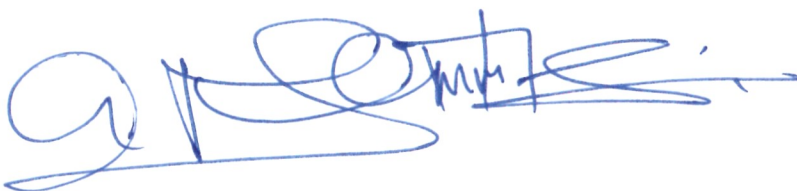
Over the medium term, the 2019 Budget Policy Statement projects economic growth to rise gradually to 7.0% per annum due to investments in strategic areas under the “Big Four Agenda”, these include job creation through the manufacturing sector, achieving the universal health coverage, ensuring food security and improved nutrition as well as providing affordable houses to Kenyans. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth. FY 2019/20 marks the second year of the implementation of the 7th Corporate Plan for the FY2018/19 to 2020/21. It is expected that full implementation the plan initiatives will lead to the following outcomes:

- a. enhanced revenue through improved compliance,
- b. improved business climate with respect to taxation and trading across borders,
- c. data and intelligence driven organization, and
- d. Public confidence in the integrity, professionalism, competence and customer focus of our staff.

G. CONCLUSION

In conclusion, I would like to thank our taxpayers and all stakeholders for the show of patriotism and unwavering support which has enabled us register success and achievement of our strategic goals. I also acknowledge and thank the Board of Directors, Management and staff of KRA for their hard work which has enabled KRA to effectively implement its mandate as the principal revenue collector for the Government of Kenya. This dedication and commitment has led to the achievement of a revenue growth of 11.3% over FY 2017/18, despite the challenging economic conditions. Lastly, I would like to thank the National Treasury for the strong support accorded to KRA throughout the year.

I am confident that together and guided by our common vision of being ***A Globally Trusted Revenue Agency facilitating Tax and Customs Compliance***, KRA is headed for greater heights.



Githii Mburu
COMMISSIONER GENERAL

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

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 monthly and its Members were:

- (a) Ms. Rose Waruhiu,
- (b) Mr. Charles Omanga,
- (c) Cabinet Secretary – National Treasury and
- (d) 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 monthly and its Members were:

- (a) Mr. Mukesh Shah,
- (b) Ms. Rose Waruhiu,
- (c) The Attorney General and
- (d) 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 monthly and the Members were:

- (a) Mr. Leonard Ithau,
- (b) Mr. Mukesh Shah,
- (c) Ms. Rose Waruhiu,
- (d) Ms. Susan Mudhune,
- (e) Mr. Paul Icharia,
- (f) The Attorney General,
- (g) Cabinet Secretary – National Treasury and
- (h) Commissioner General.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

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:

KRA Board Representation

- (a) Mr. Paul Icharia (Chairman),
- (b) Ms. Susan Mudhune and
- (c) Commissioner General.

Board Matters

Attendance to board meetings by members	In the Financial Year 2018/2019, there were twelve (12) Board Meetings and six (6) Special Board Meetings attended by Members.	
	Meeting	No. of Directors
	268 th Board Meeting- 10 th July, 2018	9
	Special Board Meeting- 16 th August, 2018	8
	269 th Board Meeting- 30 th August, 2018	6
	270 th Board Meeting-27 th September, 2018	7
	271 st Board Meeting- 25 th October, 2018	8
	272 nd Board Meeting- 29 th November, 2018	7
	273 rd Board Meeting- 20 th December, 2018	9
	274 th Board Meeting- 24 th January, 2019	7
	Special Board meeting- 5 th February 2019	7
	Special Board Meeting- 7 th February, 2019	9
	Special Board Meeting- 12 th February, 2019	6
	275 th Board Meeting- 14 th February, 2019	9
	276 th Board Meeting- 15 th March, 2019	7
	277 th Board Meeting- 11 th April, 2019	9

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

	Special Board Meeting- 3 rd May, 2019	8																												
	278 th Board Meeting- 16 th May, 2019	9																												
	279 th Board Meeting- 13 th June, 2019	5																												
	Special Board meeting- 27 th June, 2019	8																												
Board Succession plan	<p>As per the Kenya Revenue Authority Act Section 6(2)(a) and Section 6(2)(e) Appointment is by the President (for the Board Chairman) and Cabinet Secretary – The National Treasury (for Members) Expiry of term is usually communicated to The National Treasury at least 3 months before expiry of Term</p>																													
Board Charter	There is an approved Board Charter. The Board Charter is currently under review.																													
Appointment and removal of directors	Sections 7 and 8 of the Kenya Revenue Authority Act and section 7 of the State Corporations Act section 7 stipulates the process of appointing and removal of members to the Board of Directors.																													
Roles and functions of the Board	Sections 6(6) of the Kenya Revenue Authority Act and Chapter one (1) of the Mwongozo Code of Governance stipulates the roles and functions of the Board of Directors.																													
Board Induction and Training	<p>An internal induction was carried out on 8th June, 2018 upon their appointment. Five (5) out of Nine (9) Directors have attended the Mwongozo Code of Governance Training.</p>																													
Board and Member performance	<p>Board Evaluation for the FY 2018/2019 was carried out on 4th July, 2019 and facilitated by the State Corporations Advisory Committee. The results were as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Position</th> <th>Raw Score</th> <th>% Score</th> </tr> </thead> <tbody> <tr> <td>Amb. Dr. Francis Muthaura</td> <td>Chairman</td> <td>4.8654</td> <td>97.31</td> </tr> <tr> <td>Mr. John Njiraini</td> <td>Chief Executive Officer</td> <td>4.2741</td> <td>85.48</td> </tr> <tr> <td>Eng. Leonard Ithau</td> <td>Member</td> <td>4.8033</td> <td>96.07</td> </tr> <tr> <td>Hon. Mrs. Rose Waruhiu</td> <td>Member</td> <td>4.6636</td> <td>93.27</td> </tr> <tr> <td>Mrs. Susan Mudhune</td> <td>Member</td> <td>4.5842</td> <td>91.68</td> </tr> <tr> <td>Mr. Mukeshchandra Kanjir R. Shah</td> <td>Member</td> <td>4.8617</td> <td>97.23</td> </tr> </tbody> </table>		Name	Position	Raw Score	% Score	Amb. Dr. Francis Muthaura	Chairman	4.8654	97.31	Mr. John Njiraini	Chief Executive Officer	4.2741	85.48	Eng. Leonard Ithau	Member	4.8033	96.07	Hon. Mrs. Rose Waruhiu	Member	4.6636	93.27	Mrs. Susan Mudhune	Member	4.5842	91.68	Mr. Mukeshchandra Kanjir R. Shah	Member	4.8617	97.23
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**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

	Mr. Charles Omanga	Member	4.5940	91.88
	Mr. Paul Muchiri Icharia	Member	4.6834	93.67
	Ms. Maryann Njau Kimani	Member	4.6660	93.32
	Mr. Bernard Ndung'u	Member	4.8364	96.73
	Corporate Board Members		4.4999	90.00%
	Overall Performance			
Conflict of interest	Conflict of interest is declared in all Board and Board Committee Meetings and recorded as part of the proceedings.			
Board remuneration	Board remuneration is specified per the relevant Government Circulars, i.e; Sitting Allowance: Letter dated 11 th February, 2011 Ref ZZ MOF 131/04 Per Diem Allowance: Internal Memo from DC-HR dated 7 th June, 2018. Monthly Allowance: 11 th February, 2011 Ref ZZ MOF 131/04			
Ethics and conduct	This is provided for under the Board Charter under section (a) 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 th 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.			

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

Introduction

Corporate Social Responsibility (CSR) is a commitment that is undertaken by organizations globally to contribute to the development of the economy of any country. This is done to improve the well-being of the communities around the organization.

The goal of the Kenya Revenue Authority CSR is to achieve an endearing, sustainable and meaningful partnership with the publics that it interacts with to enhance focus on KRA's core values.

KRA has sustainably supported strategic initiatives that are in line with the Sustainable Development Goals (SDGs) and linked to Vision 2030, which emphasizes on Education, Environment, Health and Sports Marketing.

In this regard, KRA achieved the following milestones in CSR activities during the financial year 2018/2019:

Health Pillar Initiatives

During 2018/2019 financial year, KRA focused its Taxpayers Month CSR (TPM CSR) initiatives on Health pillar. Through the KRA regional offices, KRA renovated pediatric wards at Kisumu Level 5 hospital, Mwingi Level 5 hospital, Naivasha Level 5 hospital and Laikipia Level 5 hospital. We also constructed a hospital wing (with three rooms) at Bokole level 2 hospital in Mombasa.

In support of the fight against cancer, KRA participated at the Faraja white water rafting annual fundraising event at Tana River, Sagana, Muranga. KRA emerged 4th overall at the challenge.

Environmental Pillar Initiatives

On Environment, KRA involved staff to plant trees as per the presidential directive on National Tree. The staff managed to plant about 10,000 trees.

Sports Marketing Pillar Initiatives

On Sports Marketing, KRA focused on Golf with the aim of improving partnership with taxpayers. KRA sponsored/co-sponsored eight (8) golf tournaments at Ruiru Golf Club, Railways Golf Club, Nakuru Golf Club, upstream oil and gas golf tournament at Karen Golf tournament, ICPAK golf tournament at Muthaiga and Qatar Airways Golf tournament at Karen Golf. Over 50 Staff golfers participated in these tournaments.

Ushuru FC continued to play at the National Super League. The team played 38 matches across the country and finished position four.

KRA Choir performance

The KRA Choir performance was exemplary. The choir performed at various internal and external functions. External functions were at the invitation of Permanent Presidential Music Commission. They performed at Busia during Madaraka Day.

Conclusion

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

In conclusion, staff involvement and stakeholders' engagement in CSR helped to improve the overall relationship and image of KRA. In this particular financial year, KRA involved staff directly by participating at the KRA jungle run & national tree planting. Staff also participated at the Madoka Half Marathon, Beyond Zero Marathon and Stanchart Marathon. KRA staff golfers were also facilitated in all KRA sponsored/co-sponsored tournament.



Githii Mburu
COMMISSIONER GENERAL

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

7. REPORT OF THE BOARD DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June, 2019 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, 2019 are set out on pages 36 to 66.

Directors

The Members of the Board who served during the year are shown on page 5 to 11.

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:

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

8. STATEMENT OF DIRECTORS' RESPONSIBILITES

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 statement, 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.

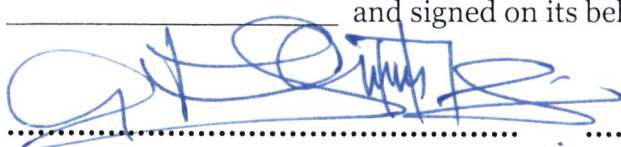
The Directors are responsible for the preparation and presentation of the Authority's Revenue Accountability Statement, which give a true and fair view of the collections by the Authority for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining 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 statement, 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 Statement, 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 statement give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2019. 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 Statement 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 Statement

The Authority's Revenue Accountability Statement was approved by the Board on _____ and signed on its behalf by:



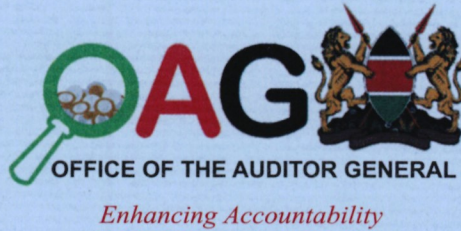
**GITHII MBURU
COMMISSIONER GENERAL**



**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 REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2019 - KENYA REVENUE AUTHORITY

REPORT ON THE REVENUE ACCOUNTABILITY STATEMENTS

Opinion

I have audited the accompanying revenue accountability statements of Kenya Revenue Authority set out on pages 36 to 61, which comprise of the statement of financial position as at 30 June, 2019, and the statement of revenue collection and transfers, the statement of targets and actual performance by tax head and agency 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 explanations 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 revenue position of Kenya Revenue Authority as at 30 June, 2019, 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, 1995.

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 revenue accountability 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

Note 14.15(A)(i) to the revenue accountability statements reflects an outstanding revenue balance of Kshs.415,212,646,945 as at 30 June, 2019. Management has indicated that the exercise of validating the debt is on-going and recommendations will be made to The National Treasury on possible write-off of irrecoverable debts. However, any progress made in this regard has not been disclosed. Further, Note 14.15(B) reflects an

outstanding refund claims balance of Kshs.86,150,238,705 as at 30 June, 2019 compared to Kshs.54,628,338,378 reported as at 30 June, 2018. No explanation has been provided for the delay in refunding the claims.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the revenue accountability statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

The following prior year issues remained unresolved as at 30 June, 2019.

1. PAYE Returns Without Corresponding Tax Collection

Note 14.1 to the revenue accountability statements for the year ended 30 June, 2018 reflected Income Tax from Individuals - PAYE collected during the year amounting to Kshs.364,103,621,093. However, audit review of 47 County Governments, Assemblies and Executives taxpayers' ledger in the i-Tax system revealed that PAYE returns totalling Kshs.12,909,254,538 were posted in taxpayers' ledgers without any corresponding payments.

In the absence of the revenue receipts to support the reconciliations with the taxpayers' ledgers, the completeness and accuracy of the Income Tax from Individuals- PAYE revenue collection of Kshs.364,103,621,093 for the year ended 30 June, 2018 could not be confirmed.

2. Variance of Closing Cash and Cash Equivalents Balances

As reported in the previous year, the statement of financial position as at 30 June, 2018 reflected a balance of Kshs.22,734,898,175 under cash and cash equivalents. However, a comparison with the amount of Kshs.21,830,770,108 reflected in the certificates of bank balances and bank statement as at 30 June, 2018 revealed variance of Kshs.904,128,067 which was not adequately reconciled or explained.

In the absence of adequate explanation or reconciliation, the completeness and accuracy of the cash and cash equivalents balance of Kshs.22,734,898,175 as at 30 June, 2018 could not be confirmed.

3. Deficiencies in the Presentation of Statement of Budget and Actual Amount

The statement of target verses actual performance by Tax Head and Agency for the year ended 30 June, 2018 reflected a Nil budget amount against actual amount of

Kshs.85,075,191 for AIA revenue (Miscellaneous) collection. The AIA revenue (Miscellaneous) was therefore unlawfully collected without budgetary approval.

4. Inadequate Support for Payments of Income Tax-PAYE Refunds

Note 14.14 to the revenue accountability statements indicated that the Authority paid income tax refunds amounting to Kshs.892,536,189 for the year ended 30 June, 2018 out of which refunds totalling Kshs.19,851,523 were paid to non-compliant taxpayers with outstanding tax balances, penalties and interest. No satisfactory reason has been provided for the non-compliance.

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 International Standard of Supreme Audit Institution (ISSAI) 4000. The standard requires that I comply with ethical requirements and 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 controls, 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 these 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 overall 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 Management is aware of the intention to terminate the Authority or 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 resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Kenya Revenue Authority 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. Misstatements 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 these revenue accountability statements.

In addition to the audit of the revenue accountability statements, a compliance audit was 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 resources are applied 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 overall 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 misstatements 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 misstatements 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 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 Kenya Revenue 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

14 January, 2021

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

9. STATEMENT OF REVENUE COLLECTION AND TRANSFERS

	Notes	FY 2018-2019	FY 2017-2018
		Actual Receipts	Actual Receipts
		Kshs	Kshs
1	Current Year Collections (FY 2018-2019)		
	(a) Treasury collections		
	Taxes on Income, Profits and Capital Gains	691,685,508,230	659,020,850,476
	Taxes on Property	588,327,115	608,996,410
	Taxes on Goods and Services	622,676,534,001	541,639,686,201
	Taxes on International Trade & Transactions	132,194,734,579	120,106,572,980
	Other Taxes not elsewhere classified (Stamp Duty)	9,947,146,476	12,142,665,725
	Sales of Goods and Services (Traffic Fees)	3,833,643,032	2,961,271,047
	Railway Development Levy	21,303,069,635	20,780,085,649
	*Surplus Funds	2,067,074,723	-
	Total	1,484,296,037,791	1,357,260,128,487
	(b) Agency collections	103,033,110,343	95,005,427,730
	(c.) AIA Revenue(Miscellaneous Revenue)	66,081,139	85,975,191
	Total Collections for the Year	1,587,395,229,272	1,452,351,531,408
	Unallocated Revenue Balance	859,155,583	1,901,167,823
	Available for Transfer from Prior FY 2017/2018	19,901,896,088	18,196,446,380
2	Total funds available for Transfer during the year	1,608,156,280,942	1,472,449,145,611
	Accounted for as follows:		
	Transfers		
	Transfers to Treasury and Fund accounts	1,471,923,062,114	1,333,917,160,164
	Transfers to Principals	100,623,694,358	95,229,140,622
	Agency commissions and 16% VAT deducted	2,389,102,922	2,260,730,112
	Refund Payments	14,694,697,244	18,251,329,763
	AIA-Revenue	46,381,384	55,886,775
	Total transfers and commissions	1,589,676,938,022	1,449,714,247,436
	Cash in Transit	18,479,342,920	22,734,898,176

*Surplus Funds excludes Ksh. 8 billion remitted directly to The National Treasury by the Communications Authority of Kenya (CAK).

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

10. STATEMENT OF FINANCIAL POSITION

		Notes	As at 30th June 2019	As at 30th June 2018
			KShs	KShs
1	FINANCIAL ASSETS			
	CASH AND CASH EQUIVALENT			
	Closing Balance- Exchequer	14.14(a)	9,259,031,112	13,016,174,584
	Closing Balance- Agency	14.14(b)	3,750,352,746	6,047,921,522
	Closing Balance- Refund Payment Account	14.16	4,560,256,998	1,738,787,521
	Closing Balance- AIA	14.14(c.)	50,546,481	30,846,726
	Balance on Unallocated Revenue	14.17	859,155,583	1,901,167,823
	Total cash and cash equivalent		18,479,342,919	22,734,898,176
2	FINANCIAL LIABILITIES		As at 30th June 2019	As at 30th June 2018
	Account payables			
	The National Treasury	14.14(a)	9,259,031,112	13,016,174,584
	Payables to Principals, Commissions and 16% Vat:	14.14(b)	3,750,352,746	6,047,921,522
	AIA Payable to KRA (Miscellaneous)	14.14(c.)	50,546,481	30,846,726
	Balance on Unallocated Revenue	14.17	859,155,583	1,901,167,823
	Payment Accounts	14.16	4,560,256,998	1,738,787,521
	Total Accounts Payables		18,479,342,919	22,734,898,176

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR
THE YEAR ENDED 30TH JUNE 2019**

11. STATEMENT OF TARGET VS ACTUAL PERFORMANCE BY TAX HEAD AND AGENCY

TAX HEAD	Original Budget amount as per Treasury Estimates of Revenue Grants and Loans for the year ended 30th June 2019	Revised figure	Revised Budget amount as per Treasury Estimates of Revenue Grants and Loans for the year ended 30th June 2019	Actual Receipts for the year ended 30th June 2019	Target Realized for the year ended 30th June 2019	Actual Receipts for the year ended 30th June 2018	Year on year Growth %
	Kshs	Kshs	Kshs	Kshs	%	Kshs	%
Collections							
Treasury collections							
Taxes on Income, Profits and Capital Gains							
Income Tax from Individuals (PAYE)	447,635,300,822	-44,291,603,914	403,343,696,908	392,692,649,174	97	364,103,621,093	8%
Contribution from Govt Employees to WCPS	404,875,159	67,171,208	472,046,367				
Income Tax from Corporations	389,235,182,998	-50,048,705,067	339,186,477,931	296,041,613,544	86	278,277,265,116	6%
Capital Gain Tax	7,450,000,000	-3,310,480,087	4,139,519,913	2,951,245,512		16,639,964,267	82%
	844,725,358,979	-97,583,617,860	747,141,741,119	691,685,508,230	93	659,020,850,476	5%
Taxes on Property							
Rent of Land	2,473,641,499	-1,611,161,531	862,479,968	588,327,115	68	608,996,410	-3%
Taxes on Goods and Services							

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR
THE YEAR ENDED 30TH JUNE 2019**

Receipt from VAT on Domestic Goods and Services	271,715,727,293	-16,191,779,785	255,523,947,508	244,748,287,240	96	219,499,363,434	12%
VAT on Imported Goods and Services	206,898,794,138	-22,525,073,337	184,373,720,801	179,177,943,655	97	151,677,445,063	18%
Anti-adulteration Levy		2,207,923,074	2,207,923,074	2,299,105,536	104	-	15%
Excise Taxes	221,460,312,492	-20,598,641,926	200,861,670,566	196,451,197,570	98	170,462,877,704	
	702,548,475,422	-58,718,733,505	643,829,741,917	623,264,861,116	97	371,785,804,907	68%
Taxes on International Trade & Transactions							
Customs Duties (Import duty)	119,556,143,387	-10,848,077,830	108,708,065,557	105,412,777,412	97	93,917,483,572	12%
Import Declaration and Inspection fees	30,967,000,000	-4,458,070,479	26,508,929,521	26,781,957,167	101	26,189,089,408	2%
	150,523,143,387	-15,306,148,309	135,216,995,078	132,194,734,579	98	120,106,572,980	10%
Other Taxes Not Classified Elsewhere							
Stamp duty					105		-
	12,471,746,891	-2,972,312,100	9,499,434,791	9,947,146,476		12,142,665,725	18%
Surplus Funds	5,825,000,000	3,160,000,000	8,985,000,000	2,067,074,723	23		-
	18,296,746,891	187,687,900	18,484,434,791	12,014,221,199	65		
Sale of goods and Services (Traffic Revenue)							
Second Hand Motor Vehicle Tax	176,255,628	37,099,342	213,354,970				
Licences under Traffic Act	2,105,975,487	-233,400,208	1,872,575,279		104		29%
Fees under Traffic Act	1,303,768,885	298,638,627	1,602,407,512	3,833,643,032		2,961,271,047	
	3,586,000,000	102,337,761	3,688,337,761	3,833,643,032	104	2,961,271,047	29%

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR
THE YEAR ENDED 30TH JUNE 2019**

Traffic Fees-Agency	316,564,109	-	316,564,109	468,600,400	148	404,744,355	16 %
Housing Levy				76,777			
Total Agency Collections	92,900,999,707	-5,369,948,412	87,531,051,295	103,033,110,343	118	95,005,427,730	8%
AIA Revenue (Miscellaneous)			55,109,818	66,081,139	110	85,975,191	- 23 %
Sub-totals (agency & AIA revenue)	92,900,999,707	-5,369,948,412	87,586,161,112	103,099,191,482	118	95,091,402,921	8%
Total Revenue Collections	1,837,299,316,221	-176,688,422,425	1,660,666,003,613	1,587,395,229,272	96	1,452,351,531,408	10 %

**EXPLANATORY NOTES ON REVENUE PERFORMANCE FOR THE YEAR
ENDED 30TH JUNE 2019**

1. The original targets were revised to accommodate the substantive amendments to the revenue raising measures through the approval of the Finance Bill 2018. 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 Target reflect a performance of 96%. Notable performance areas were as follows;
 - i. Income Tax from Individuals (PAYE & WCPS) performed at Kshs 392.7 billion against a target of Kshs 403.8 billion with a performance of 97%. The shortfall is attributed to subdued growth in private sector employment, limited growth in earnings per employee and non-payment by some sectors such as Universities and County Governments. However, PAYE registered growth of 7.9% compared to the previous year. The growth was principally driven by the public sector due to upscaling of salaries in the educational sector.
 - ii. Income Tax from Corporations performed at Kshs 296 billion against a target of Kshs 339 billion with a performance of 87%. The shortfall is mainly attributed to undermined growth in investment deductions. However, compared to previous year, there was a growth of 6% due to the turnaround in the banks performance in the 4th quarter, growing at 12.0% compared to an average 1.8% over the 1st three quarters.
 - iii. Capital Gains Tax performed at kshs.2.9 billion against a target of kshs.4.1 billion registering a performance of 71%. It also registered a decline of 82% against previous year's collection of 16.6 billion. This is attributed to a one-off payment by Vodafone of kshs15.97 billion in the year 2017/18.
 - iv. VAT on Domestic Goods and Services performed at Kshs 244.7 billion against a target of Kshs 255.5 billion with a performance of 96%. There was a comparative growth against the previous year which is attributed to growth in Withholding VAT, particularly in the Public sector.
 - v. VAT on Imported Goods and Services grew by 18% compared with the previous year. The growth was attributed to growth in oil revenue and import duty. It also reflects the impact of tightened border controls.
 - vi. Excise Taxes performed at Kshs 196.4 billion against a target of Kshs 200.9 billion with a performance of 98%. The shortfall is mainly attributed to reduction in excisable volumes for cigarettes, beer, spirits and tobacco.

**NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED
30TH JUNE 2019**

- vii. Customs Duties (Import duty) performed at Kshs 93.9 billion against a target of Kshs 103.6 billion with a performance of 91%. The shortfall is attributed to slow volume growth in cigarette and composition in beer deliveries.
- viii. Stamp Duty performed at Kshs 9.9 billion against a target of Kshs 9.4 billion with a performance of 105%.
- ix. Airport Revenue performed at Kshs 12.2 billion against a target of Kshs 12.1 billion with a performance of 101%.
- x. Road Maintenance Levy registered a performance of 123% with an actual collection Kshs 78 billion against a target of Kshs 63 billion. This is mainly due to the conservative target levels and the 8% VAT on oil products introduced in the Finance Act.
- xi. Petroleum Regulatory Levy performed at Kshs 1 billion against a target of Kshs 0.7 billion with a performance of 162%.

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED
30TH JUNE 2019

12. STATEMENT OF TARGET VS ACTUAL PERFORMANCE BY DEPARTMENT

	Target - Treasury	Actual Receipts FY 2018/19	% target realised FY 2018/19	Actual Receipts FY 2017/18	Year on year Growth
	KShs	KShs	%	KShs	%
Revenue collection					
1 Treasury collections					
Customs Services Department	433,847,978,280	423,226,920,873	98%	375,887,892,263	13%
Domestic Taxes Department	1,115,925,603,386	1,041,911,473,886	93%	961,406,965,178	8%
Traffic Revenues	3,688,337,761	3,833,643,032	104%	2,961,271,047	29.5%
Total Treasury collections	1,553,461,919,427	1,468,972,037,791	95%	1,340,256,128,488	10%
Provision for Refunds (CSD)	2,704,000,000	924,000,000		2,604,000,000	-65%
Provision for Refunds (DTD)	14,400,000,000	14,400,000,000		14,400,000,000	0
Gross Treasury collections	1,570,565,919,427	1,484,296,037,791	1	1,357,260,128,487	9%
2 Agency collections					
Customs Services Department	88,987,916,171	102,119,164,976	115%	94,181,053,129	8%
Domestic Taxes Department	489,603,907	511,426,105	104%	505,605,437	1%
Traffic Revenues	316,564,109	468,600,400	148%	404,744,355	16%
Total Agency collections	89,794,084,186	103,099,191,481	115%	95,091,402,921	8%
Total Revenue Collections	1,660,360,003,613	1,587,395,229,272	96%	1,452,351,531,408	9%

**NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR
ENDED 30TH JUNE 2019**

13. ACCOUNTING POLICIES

a. Reporting Entity

The Revenue Accountability Statement has been prepared by the Kenya Revenue Authority.

b. Basis of Preparation

The Revenue Accountability Statement 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 years presented.

The Revenue Accountability Statement 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 1st July to 30th June. The Revenue Accountability Statement cover the period 1st July 2018 to 30th June 2019. The comparative figures reflect the 12 months ended 30th June 2018.

d. Significant accounting policies

The Revenue Accountability Statement 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.

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

(c) Provisioning for refund

A total of Kshs **15,630,000,000** was set aside for purpose of refund of claims on items specified under table 14.16(B) below.

(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 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 Statement for the year ended June 30, 2019.

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

14. NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT

14.1. Taxes on Income, Profits and Capital Gains

	Tax Head	Actual Receipts for the year ended 30 th June 2019	Actual Receipts for the year ended 30 th June 2019	Actual Receipts for the year ended 30 th June 2018	Actual Receipts for the year ended 30 th June 2018
		Kshs	Kshs	Kshs	Kshs
1	Income Tax from Individuals (PAYE)		392,692,649,174		364,103,621,093
2	Income Tax from Corporations				
	a) Other Income Taxes	287,369,805,455		272,115,612,788	
	b) Turnover Tax	87,726,939		103,436,450	
	c) Capital Gains Tax	2,951,245,512		16,639,964,267	
	d) Rental Income	8,584,081,150	298,992,859,056	6,058,215,878	294,917,229,383
	Total		691,685,508,230		659,020,850,476

14.2. Taxes on Property

	Tax Head	Actual receipts for the year ended 30 th June 2019	Actual receipts for the year ended 30 th June 2018
		Kshs	Kshs
	Land Rent	588,327,115	608,996,410
	Total	588,327,115	608,996,410

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

14.3. Taxes on Goods and Services

	Tax Head	Actual Receipts for the year ended 30 th June 2019	Actual Receipts for the year ended 30 th June 2019	Actual Receipts for the year ended 30 th June 2018	Actual Receipts for the year ended 30 th June 2018
		Kshs	Kshs	Kshs	Kshs
1	VAT on Domestic Goods and Services		244,748,287,240		219,499,363,434
2	VAT on Imported Goods and Services				
	VAT on Imports (<i>General Rate</i>)	164,684,280,807			
	VAT Oil at 8%	14,493,662,848			
3	Anti-adulteration Levy	2,299,105,536	181,477,049,191		151,677,445,063
	Excise Receipts (Air time + Domestic + import+Fin.services)				
	Gross Excise Duty	89,176,067,468		85,927,788,571	
	Excise Duty Domestic	59,508,966,189		53,011,257,556	
	Excise Tax on Airtime	25,120,188,726		15,626,083,518	
	Excise Tax on Money Transfer	22,645,975,185	196,451,197,570	15,897,748,059	170,462,877,704
	Total		622,676,534,001		541,639,686,201

14.4. Taxes on International Trade & Transactions

	Tax Head	Actual Receipts the year ended 30th June 2019	Actual Receipts for the year ended 30th June 2018
		Kshs	Kshs
1	Customs Duties(Import Duty)	105,412,777,412	93,917,483,572
2	Other Taxes on International Trade and Transactions (IDF Fee)	26,781,957,167	26,189,089,408
	Total	132,194,734,579	120,106,572,980

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

14.5. Other Taxes not elsewhere classified

	Tax Head	Actual Receipts for the year ended 30th June 2019	Actual Receipts for the year ended 30th June 2018
		Kshs	Kshs
1	Stamp Duty	9,947,146,476	12,142,665,725
	Total	9,947,146,476	12,142,665,725

14.6. Sales of Goods and Services

	Tax Head	Actual Receipts for the year ended 30th June 2019	Actual Receipts for the year ended 30th June 2018
		Kshs	Kshs
1	Traffic revenue	3,833,643,032	2,961,271,047
	Total	3,833,643,032	2,961,271,047

14.7. Railway Development Levy

	Tax Head	Actual Receipts for the year ended 30th June 2019	Actual Receipts for the year ended 30th June 2018
		Kshs	Kshs
	Railway Development Levy	21,303,069,635	20,780,085,649
	Total	21,303,069,635	20,780,085,649

14.8. Miscellaneous Revenue

	Tax Head	Actual Receipts for the year ended 30th June 2019	Actual Receipts for the year ended 30th June 2018
		Kshs	Kshs
	Miscellaneous	66,081,139	85,975,191
	Total	66,081,139	85,975,191

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

Note: Miscellaneous Revenue mainly comprises of collections on overtime fees and sale of Tamperproof seals within the year ended 30th June 2019. This is an Appropriation-In-Aid for Kenya Revenue Authority.

14.9. Agency collections

	Tax Head	FY 2018/19	FY 2017/18
		KShs	KShs
1	Airport Revenue	12,290,669,582*	10,413,991,987
2	Aviation Revenue	5,919,002,961*	4,818,636,553
3	Petroleum Development Fund	2,165,342,487*	2,262,677,077
4	Road Maintenance Levy	78,161,937,738*	73,667,984,391
5	K.A.A. Concession Fees	134,517,500*	131,093,783
6	Road Transit Toll Levy	839,715,460*	766,371,282
7	Sugar Levy	231,590	15,926,344
8	Petroleum Regulatory Levy	1,087,448,523*	520,964,380
9	Merchant Superintendent Shipping Levy	1,454,217,996	1,511,762,442
12	KEBS Levy	511,349,328	491,275,137
13	Traffic Fees-Agency	468,600,400*	404,744,355
14	Housing Levy	76,777	-
	Total	103,033,110,343	95,005,427,730

Note;

*The adjustments on the Agency Revenue was as tabulated below reflecting adjustments to take care of under/overstatements.

		FY 2018/19		
	Tax Head	Original Agency Revenue in the initial RAS	Adjustment	Adjusted Agency Revenue
		KShs	KShs	KShs
1	Airport Revenue	12,290,695,592	(26,010)	12,290,669,582
2	Aviation Revenue	5,912,390,583	6,612,379	5,919,002,962
3	Petroleum Development Fund	2,165,271,803	70,684	2,165,342,487
4	Road Maintenance Levy	78,159,505,583	2,432,155	78,161,937,738
5	K.A.A. Concession Fees	134,495,750	21,750	134,517,500
6	Road Transit Toll Levy	839,705,182.00	10,278	839,715,460
7	Sugar Levy	231,590	-	231,590
8	Petroleum Regulatory Levy	1,087,404,345	44,178	1,087,448,523
9	Merchant Superintendent Shipping Levy	1,454,217,996	-	1,454,217,996
12	KEBS Levy	511,349,328	-	511,349,328
13	Traffic Fees-Agency	468,287,700	312,700	468,600,400
14	Housing Levy	76,777	-	76,777
	Total	103,023,632,229	9,478,114	103,033,110,343

**NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR
ENDED 30TH JUNE 2019**

14.10. Surplus Funds Received

FY 2018/19		
S/NO	INSTITUTION	AMOUNT (KSH)
1	Capital Markets Authority	21,127,000
2	Energy Regulatory Board	125,914,100
3	Insurance Regulatory Authority	545,216,069
4	Kenya Civil Aviation Authority	609,441,171
5	Kenya Dairy Board	3,030,780
6	Kenya Maritime Authority	662,345,604
7	Retirement Benefits Authority	100,000,000
	TOTALS	2,067,074,724

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 a Surplus amount of Ksh.8,000,000,000 was remitted directly to The National Treasury by The Communications Authority of Kenya hence excluded from Note 14.10 tabulation above.

14.11. Transfer to receivers of Revenue – Treasury

TAX HEAD		FY 2018/19	FY 2017/18
		KShs	KShs
1	Income Tax from Individuals (PAYE)	392,708,797,823	363,078,966,072
2	Income Tax from Corporations	293,459,879,599	293,355,184,847
3	Land Rent	613,545,213	601,683,702
4	VAT on Domestic Goods and Services	230,027,583,291	204,350,518,705
5	VAT on Imported Goods and Services	181,417,464,281	151,619,531,520
6	Excise Domestics	5,055,226,440	53,010,957,645
7	Excise Airtime	-	15,626,083,518
8	Excise on Financial Services	101,831,250,504	15,609,414,543
9	Excise Imports	89,071,038,642	82,633,035,876
10	Customs Duties(Import)	106,915,483,826	92,291,215,357
11	Other Taxes on Intern. Trade and Transactions (IDF Fee)	26,908,798,855	25,871,392,341
12	Stamp Duty	10,160,431,066	12,109,904,392
13	Railway Development Levy	21,613,544,290	20,778,326,200
14	Traffic revenue	4,030,431,465	2,980,945,448
15	Sports Fund Account	8,109,586,819	
	Total	1,471,923,062,114	1,333,917,160,164

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

14.12. Agency Transfers

(A) Transfer by Bank Account

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

	Agency accounts	Agency Accounts	FY 2018/19	FY 2017/18
			KShs	KShs
1	Airport Revenue (APSC)	1000007451	12,102,385,756	9,691,633,385
2	Petroleum Development Fund (PDF)	1000007435	2,159,827,913	2,215,489,677
3	Road Transit Toll Levy	1000007818	809,095,767	742,983,977
4	Sugar Development Levy (SDL)	1000007729/1 000008113	265,053	1,893,984
5	K.A.A. Concession Fees	1000008121	131,941,265	127,508,837
6	Aviation Revenue (DCA Aviation)	1000007826	5,806,955,525	4,495,451,200
7	Petroleum Regulatory Levy	1000009004	1,009,801,260*	513,457,621
8	Merchant Superintendent Shipping Levy (MSS)	1000008598	1,422,915,091	1,482,280,584
9	Road Maintenance Levy (RML)	1000007516	76,246,092,419	75,149,951,961
10	Kenya Bureau of Standards Levy(KEBS)	1000007702	497,917,314	387,058,036
11	Traffic Fees- Agency collections	1000007486	436,496,995	421,431,360
	Total		100,623,694,358	95,229,140,622

The adjustment has been made in the following accounts;

Petroleum Regulatory Levy

There was an overstatement of Transfers to Energy Regulatory Commission (ERC) in the FY 2018-2019 RAS by KSh. 224,123 as shown below;

Details	Ksh.	Ksh.
Amount of Transfer to ERC as per initial Fy 2018-2019 Revenue Accountability Statement		1,010,025,383
Adjustment for PRL Recovery	244,205	
Less: Recovery of refunds to oil marketers	(20,082)	
Less: Total Adjustment		(224,123)
Adjusted Petroleum Regulatory Levy transfers to ERC		1,009,801,260

(B) Transfers to KRA (AIA)

	AIA	Account Number	FY 2018/19	FY 2017/18
			KShs	KShs
	Miscellaneous	1000008598	46,381,384	55,886,775
	Total		46,381,384	55,886,775

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.

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

(C) Agency Transfers by Principal

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

	PRINCIPAL	FY 2018/19	FY 2017/18
		KShs	KShs
1	Kenya Airports Authority	12,102,385,756	9,691,633,385
2	National Treasury	2,159,827,913	2,215,489,677
3	Kenya Roads Board	809,095,767	742,983,977
4	Sugar Directorate (Agriculture and Food Authority)	265,053	1,893,984
5	Kenya Airports Authority	131,941,265	127,508,837
6	Kenya Civil Aviation Authority	5,806,955,525	4,495,451,200
7	Energy Regulatory Commission	1,009,801,260*	513,457,621
8	Kenya Maritime Authority	1,422,915,091	1,482,280,584
9	Kenya Roads Board	76,246,092,419	75,149,951,961
10	Kenya Bureau of Standards	497,917,314	387,058,036
11	National Transport & Safety Authority	436,496,995	421,431,360
	Total	100,623,694,358	95,229,140,622

14.13. Agency Commission and 16% VAT

14.14. Closing Balances

S/No	Agency accounts	FY 2018/19	FY 2018/19	FY 2017/18	FY 2017/18
		KShs	KShs	KShs	KShs
		Commission	16%VAT	Commission	16%VAT
1	Airport Revenue (APSC)	247,796,596	39,647,455	198,436,392	31,749,823
2	Petroleum Development Fund (PDF LEVY)	43,102,564	6,896,410	41,881,656	6,701,065
3	Road Transit Toll Levy	16,566,252	2,650,600	15,212,612	2,434,018
4	Sugar Development Levy (SDL)	5,427	868	38,779	6,205
5	Miscellaneous Revenue				
6	K.A.A. Concession Fees	2,701,500	432,240	2,610,746	417,719
7	Aviation Revenue (DCA Aviation)	118,774,683	19,003,949	92,044,455	14,727,113
8	Petroleum Regulatory Levy	20,705,915	3,312,946	10,533,853	1,685,416
9	Merchant Superintendent Shipping Levy (MSS)	29,134,216	4,661,474	30,349,725	4,855,956
10	Road Maintenance Levy (RML)	1,561,140,303	249,782,449	1,538,696,805	246,191,489
11	KEBS - Levy	10,194,867	1,631,179	9,146,934	1,463,510
14	Traffic Fess - Agency	9,449,255	1,511,771	10,240,313	1,305,527
	Total	2,059,571,579	329,531,343	1,949,192,271	311,537,841

The following is the movement in the closing balances:

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

(A) Treasury Collections

		FY 2018/19	FY 2017/18
TREASURY COLLECTIONS		Cash In Transit as at 30th June 2019	Cash In Transit as at 30th June 2018
		KShs	KShs
1	Income Tax from Individuals (PAYE)	446,802,210	1,006,979,508
2	Income Tax from Corporations	3,796,516,495*	3,456,338,764
3	Land Rent	1,678,804	7,167,856
4	VAT on Domestic Goods and Services	799,839,839	1,160,733,500
5	VAT on Imported Goods and Services	772,689,403	1,625,892,341
6	Excise Domestics	2,430,265	100,000
7	Excise Imports	1,064,420,253	2,048,993,576
8	Excise Financial Services	276,271,022	272,763,234
9	Customs Duties(Import)	1,490,611,157	2,179,534,480
10	IDF Fee	324,579,095	472,816,721
11	Stamp Duty	107,905,082	164,261,258
12	Railway Development Levy	89,122,010	172,625,668
13	Traffic revenue	86,165,478	76,332,856
	TOTAL	9,259,031,112	12,644,539,763

Note: The adjustments were done on the following items;

- i) Income tax from corporation closing Balance.

		Ksh.
	Closing Balance –Treasury collections	3,796,110,872
Add:	Gulf bank income Tax collection understated balance	405,623
	Adjusted closing Balance	3,796,516,495*

- ii) **Closing balance –Treasury Collections (FY 2017-2018)**

The initial closing balance of **Kshs. 13,016,174,584.15** in the FY 2017-2018 was adjusted to **Ksh. 12,644,539,763** comprising the following;

***Closing Balance Treasury Collections (FY 2017-2018)**

		2017-2018
	Closing Balance –Treasury collections	13,016,174,584
Less:	Prior year adjustment	(371,634,822)
	Restated Opening Balance	12,644,539,763 *

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

*The adjustment of **Ksh. 371,634,822** relates exchequer items in the closing balance at the end of 2017/2018 restated to the bank certificates.

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

	AGENCY	FY 2018/19	FY 2017/18
	TAX HEAD	KShs	KShs
1	Airport Revenue (APSC)	431,056,990.63	499,032,587*
2	Petroleum Dev. Fund (PDF Levy)	26,141,597.00	28,995,375*
3	Road Transit Toll Levy	71,025,188.00	59,632,626*
4	Sugar Development Levy (SDL)	32,273,180.46	14,413,049*
5	K.A.A. Concession Fees	11,004,848.00	11,584,103*
6	Aviation Revenue (DCA Aviation)	276,475,069.47	220,462,511*
7	Petroleum Regulatory Levy	103,849,690.22	50,489,590*
8	Merchant Superintendent Shipping Levy (MSS)	119,393,385.00	121,886,170*
9	Road Maintenance Levy (RML)	2,569,612,273.00	2,467,121,861*
10	KEBS - Levy	97,451,576.24	93,826,515*
11	Traffic Revenue Fees (Agency)	2,180,260	49,137,368*
12	Housing Levy	231,125	
	Total	3,740,695,183	3,616,581,755*

Note: Closing balance – Agency (FY2017-2018)

The initial closing balances of Kshs. **6,047,921,522.00** in the **FY 2017-2018** was adjusted to **Ksh. 3,616,581,755** comprising the following;

- i. An amount of Kshs.**2,398,038,430** reclassified from Refund Payment closing balance to the Agency opening balance on the components tabulated below;

TAX HEAD	AMOUNT (Kshs)
Transit Road Toll	47,172,026
Kaa Concession Fees	9,758,603
Aviation Revenue (DCA Aviation)	46,502,973
Petroleum Regulatory Levy	46,522,018
Merchant Superintendent Shipping Levy (MSS)	122,052,434
Road Maintenance Levy (RML)	2,126,030,375
Total	2,398,038,430

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

- ii. The amount of Ksh. **33,301,337.30** relating to corrections on closing balance thereby resulting to position tabulated below;

	Adjustment	2017-2018
	Closing Balance	6,047,921,522
Less:	Agency closing Balance initially wrongly classified	(2,398,038,430)
	Prior year adjustment- Agency Closing balance overstatement(Traffic revenue, APSC and KEBS)	(33,301,337)
	Adjusted Opening Balance	3,616,581,755*

(C) Closing Balance Analysis – AIA Revenue

	AIA REVENUE (MISCELLANEOUS)	FY 2018/19	FY 2017/18
		KShs	KShs
1	Miscellaneous Revenue	50,546,481	30,846,726
	Total	50,546,481	30,846,726

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

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

14.15.

(A) (i) Statement of Outstanding Revenue as at 30th June 2019

	Department	2018/19			
		Principal Kshs	Penalty Kshs	Interest Kshs	Total Kshs
1	Custom Services Department				28,052,368,541
	Sub-totals				28,052,368,541
2	Domestic Taxes Department - Legacy	83,881,666,513	18,940,703,570	74,965,408,823	177,787,778,906
	-iTax				209,372,499,498
	Sub-totals	83,881,666,513	18,940,703,570	74,965,408,823	387,160,278,404
	Total	83,881,666,513	18,940,703,570	74,965,408,823	415,212,646,945

Note: i) The breakdown of debt into Principal, interest and Penalties have been provided for the domestic Tax Legacy figures in both Financial years while, the Customs debt breakdown has been provided for year 2017-2018 only.

- i) The exercise to validate debt is ongoing and subsequently, recommendations will be made to Treasury on possible write-off on irrecoverable debts.

(ii) Statement of Outstanding Revenue as at 30th June 2018

	Department	2017/18			
		Principal Kshs	Penalty Kshs	Interest Kshs	Total Kshs
1	Custom Services Department	15,995,696,997	1,777,343,775.00	13,355,930	17,786,396,702
	Sub-totals	15,995,696,997	1,777,343,775	13,355,930	17,786,396,702
2	Domestic Taxes Department -Legacy	83,474,000,000	18,431,000,000	71,446,000,000	173,351,000,000
	-iTax				114,772,529,688
	Sub-totals	83,474,000,000	18,431,000,000	71,446,000,000	288,123,529,688
	Total	99,469,696,997	20,208,343,775	71,459,355,930	305,909,926,390

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

(B)

i) Statement of Outstanding Refund claims as at 30th June, 2019

DEPARTMENT	TAX HEAD	outstanding Claims in the initial 2018/19 Revenue Accountability statement Kshs	Adjustments	Adjusted outstanding Claims 2018/19 Kshs	FY 2017/18 (Kshs)
Domestic Taxes	VAT	24,300,008,205	1,989,808,910	26,289,817,115	15,499,514,032
	Income Tax	34,974,603,362	24,837,601,246	59,812,204,608	38,990,947,481
	Excise Domestic	10,592,000	-	10,592,000	-
	Subtotal	59,285,203,567	26,827,410,156	86,112,613,723	54,490,461,513
Customs Services	Import Duty	8,693,189		8,693,189	104,541,293
	Excise Duty	28931793		28,931,793	33,335,572
	Subtotal	37,624,982.00		37,624,982	137,876,865
GRAND TOTAL		59,322,828,549	26,827,410,156	86,150,238,705	54,628,338,378

Note . The adjustments reflect earlier understated amounts

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

14.16.A) Refund Accounts Movement Schedule for the year ended 2018-2019

Provision	Opening Balance	Reclassification	Adjusted Opening Bank Balance	Provision for Refund	Receipts	Total Funds Amount available	Total Refunds	Remittances to Principals	Reclassification of Agency balances	Closing bank Balances
CSD - Import & Excise Duty provision for refund	515,807,282	3,751,746,370	4,267,553,652	924,000,000	87,919,023,414	93,110,577,066	588,903,454	87,102,200,141	2,809,866,088	2,609,607,383
DTD - Income Tax provision for refund	227,690,444	16,173,560	243,864,004	300,000,000	4,683,110	548,547,115	515,680,871			32,866,244
DTD - VAT Domestic provision for refund	964,666,455	28,141,396	992,807,851	14,400,000,000	39,288,165	15,432,096,016	13,588,247,826			1,843,848,190
DTD - Stamp Duty provision for refund	2,292,634	432,068	2,724,702	6,000,000	331,232	9,055,934	1,865,093			7,190,841
DTD - Excise Duty Domestic provision for refund	0	0	0	0	1	1	0			1
RTD-Traffic Revenue Provision for Refund	28,330,706	169,641,233	197,971,939	0	533,479,562	731,451,501	0	664,707,161		66,744,340
TOTAL	1,738,787,521	3,966,134,628	5,704,922,149	15,630,000,000	88,496,805,484	109,831,727,633	14,694,697,244	87,766,907,302	2,809,866,088	4,560,256,999

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

Note:

1. Reclassification column refers to the amounts for agencies adjusted to reflect the refund amount balance.
2. An amount of **Kshs 2,398,038,430** was reclassified from refund payments closing balance to the agency revenue opening balance.

Adjustment	Amount (Ksh.)
Prior year(FY 2017-2018) Closing balance in refund Payment Account	1,738,787,521
Add: Adjustments/ Corrections	1,568,096,198
Add: Amount which had been Reclassified to Agency Revenue	2,398,038,430
Adjusted Refund account opening balance (Fy 2018-2019)	5,704,922,148

3. An amount of **Kshs 2,809,866,088** has been reclassified from refund payments closing balance to the agency revenue closing balance as shown below.

TAX HEAD	AMOUNT (Kshs)
Transit Road Toll	48,562,576
KAA Concession Fees	9,542,109
Aviation Rev	6,612,379
PRL	102,093,244
Miss Levy	112,862,874
Miscellaneous	45,964,120
Registrar of Motor Vehicles	312700
RML	2,483,916,086
Total	2,809,866,088

**B) STATEMENT OF TARGET VERSES ACTUAL REFUNDS FOR THE YEAR
ENDED 30TH JUNE 2019**

Tax item	Refund Provisions as per Printed Estimates of Revenue Grants and Loans for the year ended 30th June 2019	Actual current year allocation	Actual amount paid in the current year	% Performance utilization of funds for the year ended 30th June 2019
	Kshs	Kshs	Kshs	%
CSD - Import & Excise Duty refund	2,704,000,000	924,000,000	588,903,454	64%
DTD - Income Tax refund	300,000,000	300,000,000	515,680,871	172%
DTD - VAT Domestic refund	14,400,000,000	14,400,000,000	13,588,247,826	94%
DTD - Stamp Duty refund	6,000,000	6,000,000	1,865,093	31%
TOTAL payments	17,410,000,000	15,630,000,000	14,694,697,244	94%

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

14.17 (a) Unallocated Revenue as at 30th June, 2019

s/no.	Bank	Account no.	Amount(Ksh.)
1	National Bank of Kenya Limited- Customs PRE-IDF	01002305340900	181,791,867
2	National Bank of Kenya Limited-APSC	02023015100100	49,273,970
3	National Bank of Kenya Limited-ANSC	02023015100200	197,143,126
4	Barclays Bank Of Kenya, Ltd.	2031960749	5,331,452
5	Co-operative Bank of Kenya Limited	01136001340300	2,965,901
6	Kenya Commercial Bank Limited	1108976298	409,099,725
7	Spire bank	1038332001	50,720
8	Transnational Bank Ltd	18942001	2,000
9	ECOBANK	10135018639601	9,613,050
10	Coop bank -Customs and Excise(Nkurumah)	1136006150701	5,920,683
11	Coop bank -Mpesa Account	1136010635000	174,119
12	Equity Bank Limited	240299657063	277,828
13	Stanbic Bank Kenya Limited	100002716307	10,258,177
14	Gulf African Bank Ltd	0004-001-210810-05200000-000	481,380*
15	Family Bank Limited	68000011053	16,000
16	Mpesa		61,707
17	National Bank of Kenya Limited	1001005109600	30,376,065
	SUBTOTALS		902,837,770
	Less Over transfer/Recoveries		
18	First Community Bank	115768	(5,066)
19	Family Bank Limited	68000011053	(42,521)
20	National Bank of Kenya Limited	0100132110600	(43,634,405)
21	Stanbic Bank Kenya Limited	100002716307	(195)
	SUBTOTALS		(43,682,187)
	TOTALS		859,155,583

Note:

- i) 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.
- ii) An amount of **Ksh. 75,757 on Gulf African Bank** previously omitted in the schedule has been incorporated, hence total unallocated funds for Gulf African bank Ltd of **Ksh. 481,380**.

14.17 (b) Available for Transfer from Prior FY	2017/2018	FY 2016/2017
Cash in Transit FY 2017-2018	22,734,898,176	18,196,446,380
Prior year adjustments on Bank balances	(904,128,066)	-
Restated Bank Balances for FY 2017-2018	21,830,770,109	-
Prior year adjustments	(1,928,874,021)	-
Adjusted Cash in Transit FY 2017/2018	19,901,896,088	18,196,446,380

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

15. APPENDICES

(i) Customs Services Department

The following is a detailed collection analysis of Customs Services Department

	Target - Treasury	Actual Receipts FY 2018/19	% target realised FY 2018/19	Actual Receipts FY 2017/18	Year on year Growth
	Kshs	Kshs	%	Kshs	%
Exchequer					
Gross Import Duty	108,708,065,557	105,412,777,412	97%	93,917,483,572	12%
Gross Excise Duty - Imports	92,242,670,566	89,176,067,468	97%	85,927,788,571	4%
VAT - Imports	184,373,720,801	181,477,049,191	98%	151,677,445,063	20%
Import Declaration Fees	26,508,929,521	26,781,957,167	101%	26,189,089,408	2%
Railway Development Levy	24,718,591,835	21,303,069,635	86%	20,780,085,649	3%
Sub-Gross total Exchequer	436,551,978,280	424,150,920,873	97%	378,491,892,262	12%
Less: Prov. for Refunds	204,000,000	204,000,000	100%	204,000,000	0%
Less: Prov. for Refunds	2,500,000,000	720,000,000	29%	2,400,000,000	-70%
Net total Exchequer	433,847,978,280	423,226,920,873	98%	375,887,892,263	13%
Agency					
Airport Revenue	12,112,157,542	12,290,669,582	101%	10,413,991,987	18%
Aviation Revenue	5,455,501,486	5,919,002,961	108%	4,818,636,553	23%
Petroleum Development Fund	2,481,894,349	2,165,342,487	87%	2,262,677,077	-4%
Road Maintenance Levy	65,283,974,662	78,161,937,738	120%	73,667,984,391	6%
K.A.A. Concession Fees	138,262,182	134,517,500	97%	131,093,783	3%
Road Transit Toll Levy	877,152,212	839,715,460	96%	766,371,282	10%
Sugar Levy	-	231,590	0%	1,596,044	-85%
Petroleum Regulatory Levy	672,974,509	1,087,448,523	162%	520,964,380	109%
Merchant Superintendent Shipping Levy	1,910,889,410	1,454,217,996	76%	1,511,762,442	-4%
Miscellaneous	55,109,818	66,081,139	120%	85,975,191	-23%
Sub-total Agency	88,987,916,171	102,119,164,976	115%	94,181,053,129	8%
Total CSD	522,835,894,451	525,346,085,849	100%	470,068,945,391	12%

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

(ii) DOMESTIC TAXES DEPARTMENT

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

Tax head	Target - Treasury	Actual Receipts FY 2018/19	% Target Realized FY 2018/19	Actual Receipts FY 2017/18	Year on year Grow th
	Kshs	Kshs	%	Kshs	%
Exchequer					
VAT-Gross Collection	255,523,947,508	244,748,287,240	96%	219,499,363,434	12%
Less Provision for Refunds	14,400,000,000	14,400,000,000	100%	14,400,000,000	0%
VAT Domestic	241,123,947,508	230,348,287,240	96%	205,099,363,434	12%
P. A. Y. E	403,815,743,275	392,692,649,174	97%	364,103,621,093	8%
Other Income Taxes	328,804,573,705	287,369,805,455	87%	272,115,612,788	6%
Turnover Tax	2,500,000,000	87,726,939	4%	103,436,450	-15%
Capital gain Tax	4,139,519,913	2,951,245,512	71%	16,639,964,267	-82%
Rental Income	7,581,904,226	8,584,081,150	113%	6,058,215,878	42%
Excise Duty Domestic	64,003,000,000	59,508,966,189	93%	53,011,257,556	12%
Excise Tax on Airtime	18,843,000,000	25,120,188,726	133%	15,626,083,518	61%
Excise Tax on Financial Services	25,773,000,000	22,645,975,186	88%	15,897,748,059	42%
Stamp Duty	9,493,434,791	9,947,146,476	105%	12,142,665,725	-18%
Land Rent	862,479,968	588,327,115	68%	608,996,410	-3%
Surplus	8,985,000,000	2,067,074,723	112%	-	0%
Sub-Total Exchequer Revenue	1,115,925,603,386	1,041,911,473,886	94%	961,406,965,178	9%
Agency Revenue					
KEBS - Levy	489,603,907	511,349,328	104%	491,275,137	4%
Housing Levy	-	76,777	-	14,330,300	-99%
Sub Total of Agency Revenue	489,603,907	511,426,105	104%	505,605,437	1%
TOTAL DTD	1,116,415,207,297	1,042,422,899,991	94%	961,912,570,615	9%

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

iii) ROAD TRANSPORT DEPARTMENT

The following is the detailed collection analysis for Traffic Revenue;

	Target - Treasury	Actual Receipts FY 2018/19	% Target Realised FY 2018/19	Actual Receipts FY 2017/18	Year on year Growth
	Kshs	Kshs	%	Kshs	%
Exchequer	3,688,337,761	3,833,643,032	104%	2,961,271,047	29%
Agency	316,564,109	468,600,400	148%	404,744,355	16%
Total RTD	4,004,901,870	4,302,243,432	107%	3,366,015,402	28%

(iv) Reconciliation between the Financial year 2018/19 KRA collections and the Published Treasury Figures (Kenya Gazette Vol. CXXI-No. 93 of 26th July, 2019)

	Reconciliation item	Kshs	Kshs
	KRA Gross Exchequer collections (Notes 9 & 12)		1,484,296,037,795
ADD:	Collections for year 2017-2018 received by the National Treasury in current year	8,030,740,975	
	Collections for July 2019 included in the National Treasury figure	6,236,364,854	14,267,105,829
LESS:	Provision for Refunds (Note 14.16B)	15,630,000,000	
	Collections remitted to Fund Accounts	-32,102,605,435	
	Cash-in Transit	-876,938,088	
	KRA collections for July 2018 excluded in the National Treasury figure	-5,062,001,574	
	Excise Domestic Revenue overstatement in the National Treasury Figure	-180,000	
	Non Tax Items excluded in the National Treasury amount		
	Traffic Revenue	-4,061,082,571	
	Land Rent	-617,606,996	-58,350,414,664
	Treasury Printed figure		1,440,212,728,960

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019**

**(v) Collections trend for the financial years 2013/14 to 2018/19 (Net figures
in Kshs Millions)**

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
C&BC						
Exchequer	289,689	313,291	325,272	352,939	375,888	423,227
Agency	42,142	45,132	60,731	90,585	94,180	102,110
Total C&BC	331,831	358,424	386,002	443,524	470,068	524,346
DTD						
Exchequer	626,335	705,718	808,702	917,061	961,406	1,041,911
Agency	1,966	1,508	1,543	581	506	511
Total DTD	628,301	707,227	810,245	917,643	961,912	1,042,422
TRD						
Exchequer	2,959	2,964	2,859	3,060	2,961	3,834
Agency	732	982	1,052	1,042	405	468
Total DTD	3,691	3,947	3,911	4,102	3,366	4,302
Total						
Exchequer	918,982	1,021,974	1,136,833	1,273,060	1,340,248	1,468,972
Agency	44,841	47,623	63,326	92,209	95,091	103,089
Total	963,823	1,069,597	1,200,159	1,365,269	1,435,339	1,572,061

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

