

CAPITAL DEDUCTIONS

a) Corporate taxes

	Kenya %	Uganda %	Tanzania %
Resident companies	30*	30	30**
Branches	37½	30	30

* Reduced corporation tax rates for newly listed companies, approved under the Capital Markets Act (CMA).

** Reduced corporation tax rate for newly listed companies at the Dar Es Salaam Stock Exchange at 25% for 3 years

b) Withholding taxes

	Resident			Non-Resident		
	K %	U %	T %	K %	U %	T %
Branch profits,	-	-	-	-	15	10
Dividends	5*σ	15♣	10σ	10	15	10σ
Service fees	-	-	-	-	-	15∞
Management professional fees, and training fees	5	6*	-	20 φ	15	-
Contractual fees	3	6*	-	20	15	-
Royalties	5	-	15	20	15	15
Sporting / entertainment fees	-	6*	-	20	15	-
Rents						
-real estate	-	-	10	30	15	-
-lease of equipment	3	-	-	15	15	-
-lease of aircraft	-	-	-	-	15	-
Interest,			10			
Interest on						
Government security	-	15ϕ	-		15	-
-housing bonds	10	-	-	15	-	-
-bearer instrument	25	15	-	25	15	-
-others	15	15	-	15	15	-
Insurance premiums	-	-	-	-	-	5
Insurance commissions						
-brokers	5	6*	-	20	15	-
-agents and others	10	6*	-	20	15	-
Petroleum companies						
-management fees	2	6	-	12½	15	-
-interest	-	15	10	10	15	-
Natural resource payments	-	-	15	-	-	15
Mining companies						
-management or technical fees	-	6*	5	20	15	15
-dividends	-	15	10	10	15	10
Single instalment tax (on capital gains)	-	-	10	-	-	20

* Applies to taxpayers who are not exempt from 6% withholding tax..

** Based on KShs/cc or pax.

- σ 5% for listed companies
- φ 15% on consultancy fees for East Africa citizens
- ∞ Service fees means a payment for services rendered by a person's business including payment for any theatrical or musical performance, sports or acrobatic exhibition or any other entertainment performed, conducted, held or given.

*σ Same rate of 5% to apply to East African residents (Tanzania and Uganda).

♣ Does not apply on payment of dividends by a resident company to another resident company with shareholding more than 25%. For listed companies, tax is withheld at 10% on payment of dividends to individuals.

σ Dividend income earned by financial institutions is no longer tax exempt w.e.f 13 June 2008

ϕ This is a final tax

REGIONAL DOUBLE TAX TREATIES

Withholding tax rates applicable on payments to residents of countries that have signed Double Tax Treaties with the countries in the region are as follows:

Kenya

	United Kingdom	Germany & Canada & Zambia	Denmark & Norway & Sweden	India
Management and professional fees	12½	15	20	17½
Royalties	15	15	20	20
Rent				
-real estate	30	30	30	30
-others	15	15	15	15
Dividends	10	10	10	10
Interest	15	15	15	15
Pension and retirement annuities	5	5	5	5
Entertainment sport and promotion	20	20	20	20

Uganda

	United Kingdom	Italy	Netherlands	Denmark & India & Mauritius & Norway & South Africa
Dividends	15	15	0-15	10
Interest	15	15	0-10	10
Royalties	15	10	0-10	10
Technical fees	15	10	As business profits	10

Tanzania

	Denmark	Canada & Sweden	India	Norway & Finland	South Africa	Zambia**
Dividends	15	25*	15*	20	20	-
Interest	12½	15	12½	15	10	-
Royalties	20	20	20	20	10	-
Technical	20	20	20	20	-	-

* These rates are further reduced based on percentages of ownership.

**No withholding tax applicable subject to certain conditions.

REGIONAL BUSINESS TAX CALENDARS

Kenya

Tax payments	Deadline	Percentage due	Agricultural companies
1st instalment	20th of the 4th month	25	-
2nd instalment	20th of the 6th month	25	-
3rd instalment	20th of the 9th month	25	75 (1st)
4th instalment	20th of the 12th month	25	25 (2nd)

Uganda

Tax payments	Deadline	Percentage due
1st provisional return	End of the 6th month	50
2nd provisional return	End of the 12th month	50
Self - assessment return and balance of tax	End of the 18th month	

Tanzania

Tax payments	Deadline	Percentage due
1st	End of the 3rd month	25
2nd	End of the 6th month	25
3rd	End of the 9th month	25
4th	End of the 12th month	
Provisional return	End of the 3rd month	
Annual return and balance of tax	End of the 18th month	

VALUE ADDED TAX

	Kenya KShs	Uganda UShs	Tanzania TShs
Annual thresholds	5,000,000α	50,000,000	40,000,000
Rate	%	%	%
Standard α* ρ	16	18^	20
Hotel and restaurant services	16	18	20
Penalties (monthly)	2*	2**	***

α* VAT on non-residential property introduced w.e.f 1 January 2008

ρ VAT on diesel oil, residual fuel oil, and electrical energy charged at 12%

* 2% per month compounded for late payment and KShs 10,000 or 5% of tax due whichever is higher for late filing of returns.

** Greater of 2% or Ush 200,000 in cases of late returns; otherwise 2% compounded.

*** Penalty for late payment of VAT submission and /or of VAT return:

1st month: greater of TShs. 50,000 or 1% of tax

2nd month: greater of TShs. 100,000 or 2% of tax payable

Interest for late payment – Central Bank lending rate plus 5% on both the tax and penalty compounded.

^ VAT on sale of residential properties reduced from 18% to 5%.

PERSONAL TAX TABLES

Kenya (KShs) - Annual

	Tax bands	Rate %	Tax on band	Cumulative income	Cumulative tax
First	121,968	10	12,197	121,968	12,197
Next	114,912	15	17,237	236,880	29,434
Next	114,912	20	22,982	351,792	52,416
Next	114,912	25	28,728	466,704	81,144
Over	466,704	30			

Uganda (UShs) - Annual

	Tax bands	Rate %	Tax on band	Cumulative income	Cumulative tax
Resident					
First	1,560,000	-	-	1,560,000	-
Next	1,260,000	10	126,000	2,820,000	126,000
Next	2,100,000	20	420,000	4,920,000	546,000
Over	4,920,000	30			
Non-resident					
First	2,820,000	10	282,000	2,820,000	282,000
Next	2,100,000	20	420,000	4,920,000	702,000
Over	4,920,000	30			

Tax exempt income is UShs 1,560,000 per annum for residents only.

Tanzania (TSHs) - Annual

	Tax bands	Rate %	Tax on band	Cumulative income	Cumulative tax
First	1,200,000	-	-	1,200,000	-
Next	3,120,000	15	468,000	4,320,000	468,000
Next	2,160,000	20	432,000	6,480,000	900,000
Next	2,160,000	25	540,000	8,640,000	1,440,000
Over	8,640,000	30			

CAPITAL DEDUCTIONS

	Kenya %	Uganda %	Tanzania %
Investment deductions			
-plant/machinery	100	50	-
-buildings (used for manufacture)	100	20%	-
First year allowance	-	-	50*
Industrial Building Allowance			
-manufacturing	2½	5	-
-hotels	10	5	-
-commercial	-	5	-
-hostels/education buildings	10		
-construction of rental residential buildings (low cost)	5		
Farm works Allowance	50	20***	

α 50% for urban areas and 75% for rural areas.

λ Granted upon approval by Finance Minister

* Applies to plant and machinery qualifying under Class II or III and which is fixed in a factory or hotel. The residue qualifies for wear and tear.

** Applies to structures necessary for the proper operation of the farm

*** Allowance granted on reducing balance.

WEAR AND TEAR ALLOWANCES

Kenya

Class	Qualifying assets	Reducing Balance Rate (%)
I	Tractors, heavy earth moving, other heavy self-propelling machines.	37½
II	Computers, calculators, copiers and duplicating machines.	30
III	Other self-propelling vehicles including aircraft*.	25
IV	All other machinery, including ships	12½

* Qualifying cost for saloon cars is KShs 2,000,000 w.e.f 1 January 2006

Uganda

Class	Qualifying assets	Reducing Balance Rate (%)
I	Computers and data handling equipment	37½
II	Automobiles; small buses and minibuses, small goods vehicles, and construction and earth-moving equipment.	35
III	Large buses, large goods vehicles, tractors, trailers, machinery used in farming, manufacturing, or mining operations.	30
IV	Trains, boats, aircraft, other plant, equipment, and machinery.	20

Tanzania

Class	Qualifying assets	Reducing Balance Rate (%)
I	Computers, automobiles, buses, minibuses with a seating capacity of less than 30 passengers, goods vehicles with a load capacity of less than 7 tonnes, construction and earth moving equipment.	37½
II	Buses with a seating capacity of 30 or more passengers, trucks, trailers, trailer mounted containers, locomotives, other self propelling vehicles, plant and machinery used in manufacturing or mining operations; specialised public utility plant and equipment; and machinery or other irrigation installations and equipment.	25
III	Office furniture, fixtures and equipment and any asset not included in another class.	12½
IV	Natural resource exploration and production rights and assets in respect of natural resource prospecting, exploration and development expenditure.	20
V	Buildings, structures, dams, water reservoirs, fences and similar works of a permanent nature used in agriculture, livestock or fish farming.	20



VI	Building structures and similar works of a permanent nature other than those of Class V	5
VII	Intangible assets other than those in class IV	1 divided by the useful life of the asset.
VIII	Plant and machinery (including windmills, electric generators and distribution equipment) used in agriculture.	100

This card includes amendments made in the 2008 Finance Acts for Kenya and Tanzania, and the 2008 Finance Bill for Uganda. Please note that our interpretation of tax legislation may differ from that of the various regional Revenue Authorities. Similarly, these tax rates are not to be relied upon subsequent to any change in tax legislation.

The card should be treated as a quick reference guide and is no substitute for professional advice. If you would like any further information on this card or on the taxation services that KPMG provides, please contact:

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* Use dialling codes 005, 006 and 007 for Kenya, Uganda and Tanzania respectively, when calling from within East Africa.



**KPMG Tax Data Card
East Africa**

2008/9

TAX SERVICES