

THE REPUBLIC OF KENYA

LAWS OF KENYA

# THE INCOME TAX ACT

CHAPTER 470

Revised Edition 2022 [1973]

Published by the National Council for Law Reporting with the Authority of the Attorney-General

www.kenyalaw.org

### **CHAPTER 470**

### **INCOME TAX ACT**

### ARRANGEMENT OF SECTIONS

### PART I – PRELIMINARY

### Section

- 1. Short title and commencement
- 2. Interpretation

### PART II - IMPOSITION OF INCOME TAX

- 3. Charge of tax
- 4. Income from businesses
- 4A. Income from businesses where foreign exchange loss or gain is realized
- 4B. Export processing zone enterprise
- 5. Income from employment, etc.
- 6. Income from the use of property
- 6A. Imposition of residential rental Income Tax
- 7. Income from dividends
- 7A. Dividend distributed out of untaxed gains or profits
- 8. Income from pensions, etc.
- 9. Income of certain non-resident persons deemed derived from Kenya
- 10. Income from management or professional fees, royalties, interest and rents
- 11. Trust income, etc., deemed income of trustee, beneficiary, etc.
- 12. Imposition of instalment tax
- 12A. Imposition of advance tax
- 12B. Imposition of fringe benefit Tax
- 12C. Turnover and presumptive tax
- 12D. Minimum tax
- 12E. Digital service tax

### PART III - EXEMPTION FROM TAX

- 13. Certain income exempt from tax, etc.
- 14. Interest on Government loans, etc., exempt from tax

### PART IV – ASCERTAINMENT OF TOTAL INCOME

- 15. Deductions allowed
- 16. Deductions not allowed
- 17. Ascertainment of income of farmer in relation to stock
- 17A. Repealed by Act No. 9 of 2000, s. 43
- 18. Ascertainment of gains of profits of business in relation to certain nonresident persons
- 18A. Ascertainment of gains or profits of business in a non-preferential tax regime
- 18B. Returns on activities in other jurisdictions
- 19. Ascertainment of income of insurance companies
- 19A. Co-operative societies

- 20. Collective investment schemes
- 21. Members' clubs and trade associations
- 22. Purchased annuities other than retirement annuities, etc.
- 22A. Deductions in respect of contributions to registered pension or provident funds
- 22B. Deductions in respect of registered individual retirement funds
- 22C. Repealed
  - 23. Transactions designed to avoid liability to tax
  - 24. Avoidance of tax liability by non-distribution of dividends
  - 25. Income settled on children
  - 26. Income from certain settlements deemed to be income of settlor
  - 27. Accounting periods not coinciding with year of income, etc.
  - 28. Income and expenditure after cessation of business

### PART V – PERSONAL RELIEF

- 29. General
- 30. Personal relief
- 30A. Affordable housing relief
- 31. Insurance relief
- 32. Deleted
- 33. Deleted

#### PART VI – RATES, DEDUCTIONS AND SET-OFF OF TAX AND DOUBLE TAXATION RELIEF *A*–*Rates of Tax*

- 34. Rates of tax
- 34A. Deleted by Act No. 8 of 1978, s. 9(k).

### B – Deduction of Tax

- 35. Deduction of tax from certain income
- 36. Deduction of tax from annuities, etc., paid under a will, etc.
- 37. Deductions of tax from emoluments
- 37A. Penalty for failure to make deductions under section 35, 36 or 37
  - 38. Application to Government

### C-Set-off of Tax

- 39. Set-off of tax
- 39A. Repealed
- 39B. Set-off tax rebate for apprenticeships

### D-Double Taxation Relief

- 40. Repealed
- 41. Special arrangements for relief from double taxation
- 41A. Agreements for exchange of information
- 42. Computation of credits under special arrangements
- 43. Time limit

## PART VII – PERSONS ASSESSABLE

- 44. Wife's income, etc.
- 45. Income of a person assessed on him

- 46. Income of incapacitated person
- 47. Income of non-resident person
- 48. Income of deceased person, etc.
- 49. Liability of joint trustees
- 50. Liability of person in whose name income of another person assessed
- 51. Indemnification of representative
- 51A. Repealed

#### PART VIII - RETURNS AND NOTICES

- 52. Returns of income and notice of chargeability
- 52A. Deleted
- 52B. Final return with self-assessment
  - 53. Repealed
- 54. Documents to be included in return of income
- 54A. Keeping of records of receipts, expenses, etc.
- 54B. Supply of information upon change in particulars
  - 55. Deleted
  - 56. Deleted
  - 57. Return as to salaries, pensions, etc.
  - 58. Return as to fees, commissions, royalties, etc.
  - 59. Occupier's return of rent
  - 60. Return of lodgers and inmates
  - 61. Return of income received on account of other persons
  - 62. Return as to income exempt from tax
  - 63. Return in relation to settlements
  - 64. Return in relation to registered pension fund, etc.
  - 65. Return of annuity contract benefits
  - 66. Return of resident company dividends
  - 67. Return as to interestpaid or credited by banks, etc.
  - 68. Return as to dividends paid by building societies
  - 69. Deleted
  - 70. Deleted
  - 71. Deleted
- 72. Repealed
- 72A. Deleted
- 72B. Penalty for the negligence of authorized tax agent
- 72C. Penalty on underpayment of instalment tax
- 72D. Repealed

### PART IX - ASSESSMENTS

- 73. Assessments
- 74. Repealed
- 74A. Instalment assessment
- 74B. Deleted
- 75. Deleted
- 75A. Repealed