

POLICY/TAX INCENTIVES GRANTED FROM 1995 TO DATE

No.	POLICY INCENTIVE	TARGETED IMPACT/OBJECTIVE	YEAR
62.	Amendment of Section 2 of the Income Tax Act by inserting the following definition in proper alphabetical sequence — “investee company” has the meaning assigned to it under the Capital Markets Act and the regulations made thereunder. Amendment of Section 20 of the Income Tax Act in subsection (1) by inserting the following new paragraph immediately after paragraph (c) — (d) an investee company of a real estate investment trust.	Exemption of REIT Investee company from Income Tax - This will provide for exemption of entities or SPVs controlled by REITS from income tax in line with the “flow-through” principal applicable to REITS globally that ensures REITS are not taxed. This incentive will serve to attract more real estate investment trust listings since the launch of the segment in October 2015	2019/2020
61.	Interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure, projects and assets defined under Green Bonds Standards and Guidelines, and other social services: Provided that such bonds, notes or securities shall have a maturity of at least three years.	Green Bonds Issuance - This tax neutrality measure will promote the issuance of green bonds in support of the Kenya’s green initiatives.	2019/2020
60.	Amendment of Section 12 of the Tax Procedures Act, 2015 by inserting the following new subsection immediately after subsection (5) — (5A) The Commissioner may, upon receipt of an application made by or on behalf of any person or class of persons, exempt such person or class of persons from the requirement for a PIN for any of the transactions specified in the First Schedule.	Requirements for registering a PIN - The exemption for Foreign Investors in Marketable Securities from Registering a Personal Identification Number will ease the administrative burden for foreign investors investing in the domestic capital markets.	2019/2020
59.	Amendment of the Tax Procedures Act, 2015 by inserting the following new section immediately	Growth Enterprise Market Segment - The amnesty will encourage Small Medium Enterprises and venture	2019/2020

	<p>after section 37B — No. 23 Amendment of s. 12 of No. 29 of 2015. Insertion of new section 37C in No. 29 of 2015. Commissioner to refrain from recovering penalties or interest from companies that list on the growth segment. 37C. (1) Notwithstanding any other provision of this Act, the commissioner shall refrain from recovering penalties or interest from a company that lists on the growth segment of a securities exchange in Kenya, in respect of any year of income prior to the date of listing where the company makes full disclosure of its past income, assets and liabilities for the two years immediately preceding the date of listing: Provided that the principal tax shall be paid in full. (2) This section shall not apply in respect of any tax where the person who should have paid the tax — (a) has been assessed in respect of the tax or any matter relating to the tax; or (b) is under audit or investigation in respect of the undisclosed income or any matter relating to the undisclosed income. (3) Notwithstanding subsection (1), a company that delists from the exchange in which it is listed before the expiry of five years from the date of listing.</p>	<p>companies with back taxes to list, by utilizing the tax amnesty provided. The Authority had recommended a waiver of all tax liabilities as incentive, but this was scaled down in the final decision with the waiver applying to tax penalties and interest, on any outstanding tax for two years prior to the listing</p>	
58.	<p>Amendment of Section 2 of the Capital Markets Act by deleting the words “and chief financial officers and Board of Directors of issuers of securities” appearing in paragraph (a) of the definition of “key personnel”.</p>	<p>Fit and Proper Requirements for CEOs, CFOs and Directors of Issuers - This proposal will ensure that Chief Executive Officers, Chief Financial Officers and Board of Directors of issuers of securities are confirmed to be fit and proper persons. This will also provide a basis for an assessment of their integrity and past conduct.</p>	2019/2020

57.	Amendment of Section 11 of the Capital Markets Act in subsection (3) (cc) by inserting the following proviso to subparagraph (i) of subparagraph (cc) — Provided that the financial penalties shall be recoverable summarily by the Authority as civil debts. Section 25A of the Capital Markets Act is amended by inserting the following new subsection immediately after subsection (1) — (1A) The financial penalties and recoveries set out under paragraphs (1) (a) (v) and (vii), (1) (b)(iii) and (iv), (1) (c) (ii) and (iii), (2) and (6) shall be recoverable summarily by the Authority as civil debts. 44. Section 34A of the Capital Markets Act is amended by inserting the following new subsection immediately after subsection (1) — (1A) The financial penalties imposed under subsections (1) and (2) shall be recoverable summarily by the Authority as civil debts.	Investor Confidence - This will enhance investor protection and confidence in the financial sector by granting the Authority powers to sanction the players in the market in case of violation of laid down rules and procedures.	2019/2020
56.	Scrapping of the Robin Hood Tax	Excise Tax - This would have resulted in asset shrinkage, shrinkage in private savings and a far less liquid capital market as it incentivizes investors to minimize trading activity. This would also put a number of fund managers businesses at risk given the erosion in returns	2018/2019
55.	Amendment of Section 2 of the CBK Act and insertion of new part VIB: to introduce Mortgage Refinance Company that will be mandated to conduct mortgage refinance business.	Mortgage Refinancing Company - It is expected that the KMRC will leverage on capital markets to raise funds through bonds for on lending to banks and other mortgage financing companies hence bringing down the cost of housing in line with the Government's "Big Four" Agenda. Due to the long term nature of capital markets funding and attractive rates, this will allow Primary	2018/2019

		Mortgage Lenders to lengthen tenors and offer fixed rate loans hence improved mortgage affordability and increased number of qualifying borrowers.	
54.	Amendment of the Employment Act 2007, National Housing Development Fund” means to the Fund established under section 6 of the Housing Act.	National Housing Development Fund - It is expected that the fund will invest any surplus funds in the capital markets.	2018/2019
53.	Amendment of PoCAML Act by inserting a new section 45A and first schedule to add a paragraph i Reporting institutions are now required to carry out enhanced due diligence on relationships or transactions originating from Countries which are deemed to pose a higher threat of money laundering by the Financial Action Task Force or the Cabinet Secretary. Reporting institutions may also be required to apply countermeasures to mitigate risks to do with money laundering as follows: Limiting or terminating business relationships with concerned countries; Moving away from relying on due diligence carried out by 3rd parties in the concerned countries; and Submit a report listing customers originating from Countries deemed as higher risk	Proceeds of Crime and Anti-Money Laundering Act - This policy pronouncement will serve to ramp up Know Your Client (KYC) and client onboarding measures for online forex traders, online share trading and other electronic commerce platforms in the capital markets. This is in a bid to enhance the fight against AML/CFT.	2018/2019
52.	1. Amendment of sec 2 definition of “key personnel” to extend the fit and proper assessments to Chief Finance Officers and Directors of securities issuers. 2. Amendment of Sec 13 B and insertion of section 32KK to make direct reference to an offence/ misconduct relating to embezzlement of funds by directors and key officers of market intermediaries and	Investor protection - This was to enhance the attention given to the caliber of individuals undertaking the critical role of preparing the financial statements of listed companies and those reviewing and approving financial statements and having a central role in oversight and assessment of internal controls. This will make the Act more facilitative with regards to punishing individuals involved in embezzlement activities and also allow the	2018/2019

	<p>listed companies. 3. Amendment of Sec 18 to expand the scope of ICF. 4. Repeal of section 18A 5. Amendment of sections 11 & 25A 6. Inserts section 30GA 7. Inserts section 32JA 8. Amendment to section 35 A</p>	<p>Authority to put in place interim measures to prevent further damage pending completion of an inquiry. Allows the Authority to reward whistleblowers of 3 percent of the amount recovered subject to a maximum of Kshs 5 million. Mandates the Authority to manage the ICF fund hence the ICF Board is scrapped. Clarifies the sanctions that can be imposed by the Authority by expressly providing for placing of caveats on assets acquired from illicit gains of regulatory conventions in all securities violations. Gives the Authority power to take actions o offences related to financial disclosure and accounting fraud contraventions. Strengthens the Authority's capacity to address front running by expanding the definition to cover the primary intermediary who receives instructions as well as any other third parties who may be involved as a conduits to layer the front running transactions. This will ensure that the matters brought before the Tribunal are only presented for consideration after the Authority has made a determination.</p>	
51.	<p>Amendments of the Capital Markets Act, the Cooperatives Societies Act and Sacco Societies Act to facilitate for shariah compliant finance products. Amendment of the Public Finance Management Act to provide for issuance of Sukuk bond (Islamic bond). Amendment of the tax statutes to provide for equivalent tax treatment of these new financial products with the conventional financial products. Regulations to facilitate development of Takaful Retirement Benefits Schemes in Kenya.</p>	<p>Provide framework for Islamic Finance - This is expected to provide a framework for introduction of Islamic products across the financial sector hence deepening the market by providing alternative investment opportunities for investors and also position Kenya as a regional hub for Islamic Finance and contribute to the Vision 2030 objective of making Nairobi an International Financial Centre. Amendment of PFM Act paves way for issuance of Sukuks as an alternative source of financing for government to finance development projects. The amendment of tax statutes on the other hand will improve attractiveness of the Islamic products by</p>	2017/2018

		providing for equivalent tax treatment of these new financial products with the conventional financial products.	
50.	Amendment of VAT Act to exempt from VAT the transactions related to transfer of assets into Real Estate Investment Trusts (REITs) and Asset Backed Securities (ABS	Tax neutrality for REITs and ABS - Increase and deepen the country's sources of infrastructure financing through support for effective uptake of infrastructure financing products as alternative measures for raising funds for such projects.	2017/2018
49.	Nairobi International Financial Centre (NIFC) Act passed on 16th August 2017	Improved supervision of financial sector and positioning Kenya as a financial hub - The enactment of this Act kick started the establishment of the Nairobi International Financial Centre to position Nairobi as an international financial hub	2017/2018
50.	Launch of a special limited offer of the M-Akiba bond worth Ksh 150 million with minimum investment of Ksh 3000 and a maximum of Ksh 140,000 per day based on a mobile platform and a main M-Akiba bond with an offer of Ksh 4.85 billion launched in June 2017	Financial inclusion and promotion of a savings culture aimed at achieving Kenya Vision 2030 30% target savings rate - This was primed to encourage retail uptake of treasury bond issues	2017/2018
51.	Amendments to the Capital Markets Act, the Cooperatives Societies Act and Sacco Societies Act to facilitate for Shariah compliant finance products.	This is expected to provide a framework for introduction of Islamic products across the financial sector hence deepening the market by providing alternative investment opportunities for investors and position Kenya as a regional hub for Islamic Finance and contribute to the Vision 2030 objective of making Nairobi an International Financial Centre.	2016/17
52.	Amendment of the Public Finance Management Act to provide for issuance of Sukuk bond (Islamic bond)	Amendment of PFM Act paves way for issuance of Sukuks as an alternative source of financing for government to finance development projects.	2016/17
53.	Amend the tax statutes to provide for equivalent tax treatment of new financial products with the	The amendment of tax statutes on the other hand will improve attractiveness of the Islamic products by	2016/17

	conventional financial products.	providing for equivalent tax treatment of these new financial products with the conventional financial products	
52.	The cap of 75% for the foreign investor shareholding of domestic listed companies removed. Foreigners can own shares in Kenyan listed companies up to a maximum of 100%, subject to a prescription by the Cabinet Secretary for the National Treasury who may by notice in the Kenya gazette prescribe a maximum foreign shareholding in an issuer or a listed company.	To attract foreign investors into the country and raise the profile of Nairobi as an international financial centre.	2015/16
51.	Capital Gains Tax (CGT) of 5% that was introduced in 2014 scrapped. Instead a transaction levy of 0.3% of all sale transactions introduced.	To ensure relatively low transaction cost while raising revenue for government.	2015/16
50.	Allow retirement schemes to invest up to 10 percent of their assets in private equity funds and venture capital funds licensed by the Capital Markets Authority.	To support the growth of private equity and venture capital enterprise and help pensions schemes to diversify their investment opportunities.	2015/16
49.	Amend the Income Tax Act to provide that companies listing by introduction be charged corporate tax rate at 25% instead of 30%.	To attract more listings on the Nairobi Securities Exchange.	2015/16
48.	Amend the Income Tax Act to provide that no stamp duty shall be chargeable on the transfer of real estate in respect of a Real Estate Investment Trust (REIT) under the Capital Markets Act whose effect is to convey or transfer:- <ul style="list-style-type: none"> a. beneficial interest in property from one trustee to another trustee or to an additional trustee; or b. beneficial interest in property from a 	To generate the interest of potential REITs issuers (income and/or development) in the REITs business.	2015/16

	person or persons for the transfer of units in the real estate investment trust.		
47.	Documents executed in connection with asset backed securities approved by the Capital Markets Authority in respect of securitization transactions or any document to give effect to or for an on-going transaction shall be exempt from payment of stamp duty under the Stamp Duty Act. .	To support diversification of products and services available in the Kenyan capital markets by facilitating ABS transactions.	2015/16
46.	Amendment to demutualization Act to set the minimum shareholding for government and ICF at 5 percent.	Significantly address governance challenges and enhance the NSE business model (to traduce commercial and SRO role)	2014/15
45.	Amend the law to provide a conducive environment for a dynamic capital markets (principle based regulation)	Facilitate introduction of new capital markets products and services on an accelerated basis	2013/14
44.	Regional Issuance of Fixed Income securities	Allow for the raising of funds from across the regional capital markets and treating persons licensed by any of the other EAC capital markets regulators on equal terms, as if they were licensed by the Authority.	2013/14
43.	Amend the Capital Markets Act to redefine the offence of insider trading as an offence of strict liability and further propose to specifically identify a range of the most common market manipulation offences to guide the courts and the investing public on the nature of these offences.	Safeguard the integrity of the capital market by discouraging insider trading and market manipulation	2013/14
42.	Amend the Capital Markets Act Cap 485A to vest the power to make regulations, rules, and guidelines in the Minister instead of the Authority	This was to align the Capital Markets Act and the legislation process within the securities industry with the rest of public institutions.	2012/13
41.	Amend the Central Depositories Act, 2000 to include government securities as part of eligible	Enhance clearance and settlement by facilitating the move towards a single and efficient securities settlement	2012/13

	security for purposes of clearing and settlement.	infrastructure for both fixed income and equity securities.	
40.	Amend the law to create a framework for Growth Enterprise Market Segment within the NSE targeting small and medium enterprises (SMEs)	Provide SMEs the opportunity to access long term and relatively cheap capital through public listing as well as raising their profiles through trading on approved securities exchanges.	2012/13
39.	The Government will commence a process to establish a consolidated financial sector regulatory framework bringing together the Capital Markets Authority, Insurance Regulatory Authority and Retirement Benefits Authority	To further strengthen the supervisory capacity, safeguard stability and enhance efficiency of the financial sector regulators.	2012/13
38.	Income Tax Act amended to exempt REITs from corporation tax in addition to exempting investors who receive dividends from REITs from withholding tax	Enhance tax neutrality	2011/2012
37.	Capital Markets Act to be amended to facilitate the trading of listed fixed income securities Over the Counter (OTC) subject to compliance with reporting requirements	Aid in the establishment of a hybrid bond market and facilitate issuance of bonds by SMEs and increase bond activity at primary and secondary market	2011/12
36.	Capital Markets Act to be amended to allow for the introduction of a regulated Futures Market	Allow establishment of a futures exchange to serve as a platform for trading futures contracts of multi-asset classes such as currency, minerals and energy derivatives	2011/12
35.	Capital Markets Act to be amended to recognize Real Estate Investment Trusts and to facilitate the regulation of pooled products for investment in real proper	Expand the range of capital markets products & solve the housing problem	2011/12
34.	Self-Regulatory Organizations to be recognized and the Authority empowered to specifically delegate its powers to an SRO subject to the oversight of the Capital Markets Authority	Will allow the Authority to delegate regulatory functions to SROs while ensuring that they have in place proper policies, infrastructure, financial soundness and effective corporate governance	2011/12
33.	Central Depositories Act to be amended to introduce a robust system to reduce the risk and	Align Kenyan clearing and settlement process with international best practice and significantly reduce the	2011/12

	damage associated with settlement default on securities transactions in addition to providing for insolvency set-off in respect of the obligations between settlement participants	risks associated with large scale investment in listed securities by both local and foreign investors.	
32.	Amendment of the CDS Act- the Authority's powers of supervisions, investigation and intervention in respect of central depositories has been strengthened in the interest of securing fair efficient and transparent securities settlement	Strengthening supervision of the central depository which will significantly reduce systemic risk	2011/12
31.	Section 2 of CM Act amended to redefine 'securities' to better cater for derivatives transactions as well as amending the definition of "key personnel" to ensure the Authority may assess the fitness of key members of management	Enhance trade reporting and information dissemination in securities exchanges as well as ensuring that only properly qualified and vetted persons are entitled to manage licensed entities	2011/12
30.	Sec 11 of CM Act amended to expand the principle objectives of the Authority to recognize the need to improve access to securities markets beyond traditional stocks.	To ensure investors are provided with an opportunity to access a broad spectrum of securities products	2011/12
29.	Amendment of Capital Markets Act that will facilitate the Demutualization of the NSE and its consequent self-listing.	Improve corporate governance of the NSE	2010/11
28.	CMA Act to be amended to allow them share information obtained during surveillance with other financial sector regulator	Encourage information sharing among financial sector regulators	2010/11
27.	Reduction of withholding tax from 15% to 10% on interest on long term bonds of above 10yrs maturity	Encourage investment in long term bonds	2009/2010
26.	Interest income from infrastructure & social services bonds with at least a maturity of 3 years is tax exempt	Encourage investment in long term bonds	2009/2010

25.	Infrastructure bond issued by public institutions included as an allowable investment under the government securities category	Allow Schemes to invest a larger proportion of their assets in government securities and infrastructure bonds	2009/2010
24.	Listing fees reduced by 50 % to 0.15% for new public listing of equity	Encourage new listings	2009/10
23.	The threshold amount for which a scheme can invest 100% in government securities increased from 5M to 100M	Allow schemes with total assets below 100M to invest exclusively in government securities	2009/10
22.	Requirements on stockbrokers, investment banks, and fund managers to have in place professional indemnity	To cover losses that may arise from their default or negligence to ensure investors are adequately protected	2009/10
21.	Publishing notice of Annual General Meetings in at least two local daily newspapers with national circulation for at least two consecutive days. Notices sent to members through the electronic media should contain a summary of both the annual financial statements and auditor's report	Informed investors and promoting transparency	2009/10
20.	Exempt financial services by Non -Bank financial institutions from VAT	Reduction in the cost of financial services	2009/10
19.	The RBA may accept registration of a manager or custodian by CMA as registration under RBA Act legal notice No. 87 of 2009	Managers and custodians are able to obtain one-stop registration at CMA to reduce their costs	2009/10
18.	Instruments used in the transfer of property to listed property investment vehicles exempt from stamp duty in order to encourage land consolidation and discourage non-productive land use	To encourage the establishment of Real Estate Investment Trusts	2008/2009
17.	Transfer of assets to a Special Purpose Vehicle for the purposes of issuing ABS are exempt from stamp duty	To accelerate the creation of new products, specifically Asset Backed Securities	2007/2008
16.	Foreign investors are now allowed to acquire up	Encourage the transfer of technology and skills	2007/2008

	to 49% of local stockbrokers and up to 70% of local fund management companies.		
15.	East Africans are treated as domestic investors in the payment of withholding tax on dividend income and in allocation of IPOs	Encourage investment by East Africans in the spirit of the EAC Common Market protocol	2007/08
14.	Income to employee share ownership schemes are tax exempt	In order to encourage employers to establish employee share ownership plans (ESOPS)	2006/2007
13.	Only the difference between the subscription price and the market value of securities in an ESOP subject to tax	In order to encourage employers to establish employee share ownership plans (ESOPS)	2006/2007
12.	Income accruing to registered CISs is tax free	Encourage pooling resources from small investors to boost the demand for securities in the capital markets.	2005/2006
11.	Foreign Investors can now acquire subject to a minimum reserved ratio of 25% for domestic investors in each listed company	Attract more foreign investors	2004/05
10.	Stamp duty is exempt for purposes of transferring assets for issuing Asset Backed Securities (ABS)	Incentives for issuance of more diverse financial instruments	2000/2001
9.	Interest earned by Asset Backed Securities is tax exempt	Provide incentive for issuance ABS	2000/2001
8.	Companies that apply and are listed shall get a tax amnesty on their past omitted income, provided they make a full disclosure of their assets and liabilities and undertake to pay all their future due taxes	To attract new listings by companies that were reluctant to provide past financial records fearing taxation	2000/2001
7.	Gains arising from trade in securities for dealers licensed by CMA are tax exempt as long as they turn their portfolios within 24 months and according to laid down regulations.	Encourage registration of more dealers	1999/2000
6.	Expenditure on credit rating for purposes of listing is tax deductible	Encourage issuers of debt instruments to be rated thus improving investor confidence	1996/1997

5.	Ten year tax holiday for Venture Capital Companies	Encourage the establishment of venture capital companies	1996/1997
4.	Dividends received by a venture capital company are tax exempt	Encourage the establishment of venture capital companies	1996/1997
3.	Withholding tax reduced from 15% to 10% for foreign investors and 5% for local investors and made a final tax.	Stimulate demand for equities through increased disposable income arising from dividends	1995/1996 & 2007/2008
2.	Tax deductibility on listing and issuance costs including capital expenditure	Make floatation costs cheaper for issuers	1995/1996
1.	Stamp duties payable for retail share transactions quoted in the stock exchange for both individual and institutional investors were abolished	Significantly reduce costs to an issuer or listed company, seeking to expand its share capital to sustain the issuance of additional shares through Initial Public Offerings, rights issues, share splits and bonus issues.	1995/1996