



## PUBLIC NOTICE

### THE INCOME TAX ACT (CAP. 470)

### REQUEST FOR FEEDBACK ON THE DRAFT INCOME TAX (REAL ESTATE INVESTMENT TRUSTS) RULES, 2020

The Capital Markets Authority is mandated under the Capital Markets Act to develop all aspects of the capital markets with particular emphasis on the removal of impediments to and the creation of incentives for, longer term investments in productive enterprises.

Tax is one of the key factors that has a major impact on the competitiveness of products and over the years, the Authority has proposed, and the National Treasury has implemented various tax neutrality measures aimed at promoting effective roll out of new capital markets products and services. One of the tax neutrality measures implemented in the recent past relates to the introduction of Real Estate Investment Trusts (REITs).

Section 20 of the Income Tax provides that a real estate investment trust (REIT) alongside unit trusts and collective investment schemes, is exempt from income tax. The Finance Act, 2019 further exempted investment companies wholly owned by a REIT from income tax. In this regard, the Authority has developed draft Regulations to operationalize Section 20 (c) and (d) of the Income Tax Act on exemption of REITs.

The Authority wishes to invite the general public and stakeholders to submit comments on the said Regulations which can be accessed on the Capital Markets Authority website:– [www.cma.or.ke](http://www.cma.or.ke).

This Notice has been issued in accordance with section 12A of the Capital Markets Act to commence stakeholder and public consultation for a period of the next thirty (30) days. Kindly submit your comments on the draft framework by **2 July 2020** via email to [comments@cma.or.ke](mailto:comments@cma.or.ke) or by hand delivery or post to: -

**The Chief Executive**  
**Capital Markets Authority**  
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