

The Principal Secretary,
The National Treasury and Planning,
Harambee Avenue,
P.O. Box 3007-00100,
Nairobi, Kenya.



National Taxpayers Association
pesa zetu, haki yetu

RE: THE NATIONAL TAXPAYERS ASSOCIATION (NTA) MEMORANDUM TO THE NATIONAL TREASURY ON TAXATION PROPOSAL FOR THE FISCAL BUDGET 2019/2020

The National Taxpayers Association (NTA) is a volunteer-based independent and non-partisan organization established to improve the delivery of services and supporting good governance in Kenya through strengthening citizen to government accountability, and citizen-to-citizen accountability. We are currently implementing a project whose goal is to reduce the affordability of tobacco products by advocating for increased tax on tobacco products so as to reduce its consumption. NTA therefore, submit the taxation proposal below for the fiscal budget 2019/2020.

PROPOSAL	JUSTIFICATION
<p>The government has been undertaking policy, legal and institutional reforms to support tax administration and increased collection. The 2019/2020 Budget Policy Statement reveals under collection of excise revenue in the past years. Kenya Revenue Authority has consistently fallen below revenue collection targets. This affects government development programmes and plans</p> <p>In 2018, government introduced punitive taxes measures and this overburdened taxpayers.</p> <p>It is for this reason that NTA seeks to propose for increased excise tax on tobacco products in order to increase revenue collection that will be able to fund part of the health budget 2019/2020.</p>	<p>Taxpayers were burdened by the new taxes through the Finance Act 2018. The introduction presumptive tax imposed on Informal businesses with a yearly turnover of less than 5 million Kenyan shillings will affect their operations as well.</p> <p>We are concerned that government has left out tax policies that will bring increased revenue and promote public health like tobacco taxation. 2015 was the last time that we had increased taxes on tobacco products. The tax policies were in line with WHO FCTC Guidelines which Kenya is a Party and is obligated to implement.</p> <p>WHO recommends that Excise Tax on Tobacco Products should constitute 70% of RSP. Kenya falls way below this standard and as a leading tobacco control country, Kenya should demonstrate leadership in tobacco tax policies.</p> <p>Section 12 of the Tobacco Control Act 2007 requires that the Cabinet Secretary responsible for Finance to implement tax and price policies to reduce consumption.</p>

The NTA is a national, volunteer-based, independent and non-partisan organization established to improve the delivery of services and the management of devolved funds for the benefit of all Kenyans.

NTA is a citizen initiative currently steered by the following National Governing Council members: Kenya Private Sector Alliance (KEPSA) - Chair, National Informal Sector Coalition (NISCO) - Vice Chair, Institute of Certified Public Accountants of Kenya (ICPAK)-Treasurer, Centre for Governance and Development (CGD) - Secretary, Kenya Female Advisory Organisation (KEFEADO)- Deputy Secretary, Supreme Council at Kenya Muslims (SUPKEM) - Member, Kenya Private Sector Network (KPSA Network) - Member, African Woman and Child Feature Service (AWCFS)-Member, United Business Association (UBA)- Member, Catholic Justice & Peace Commission (CJPC), Kenya Alliance of Resident Associations (KARA) and Transparency International, Kenya (TI-K) - Member.

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Article 6 WHO FCTC highlights price and tax measures as the most effective instruments for reducing the demand for tobacco products especially among children and youth. In addition, tax policy measures are effective in correcting negative externalities resulting from tobacco use.

Yours Sincerely,



Irene Otieno,
National Coordinator.
National Taxpayers Association (NTA)

