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Association of Professional Societies in East Africa (APSEA)

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## **APSEA X SPACE SESSION DISCUSSION ON FINANCE BILL 2025 IMPACT TO PROFESSIONALS' OUTCOME-THURSDAY 15<sup>TH</sup> MAY 2025.**

### **ATTENDANCE**

The session was attended by 609 participants drawn from different professionals and the public.

### **ACTION POINT**

#### **1. Remittance Of Taxes**

Institutions were encouraged to submit the taxes deducted from employees to avoid penalties' SHA & NSF deduction. There was a need to urgently update the relevant tax reliefs for employees once the Finance Act is in place.

#### **2. Public Awareness and Education**

Clarify Tax Changes: Participants emphasized the need to demystify proposed tax amendments, such as the shift of certain goods from zero-rated to VAT-exempt status, which could affect the cost of goods, both imports as well as local production. The importers of second-hand motor-vehicles was also a concern with the major players considering that implementing the raft of proposals would push many of them out of business.

### 3. Simplify Communication

There was a call for the government to present tax reforms in a manner that is easily understandable to the general public, ensuring transparency and informed public participation. The Medium-Term Revenue Strategy which provides for a tax system reforms aimed at boosting domestic revenue requires an element of certainty as opposed to annual adjustments to various duty and tax rates.

### 4. Protect Citizens from high cost of basic necessities

Concerns were raised on the potential impact of tax changes on low-income households, with suggestions to maintain tax exemptions on essential goods to prevent an increased cost of living. This is so especially for electric bicycles and raw materials for animal feeds manufacture. There was a recommendation to retain the zero rate VAT status on essential medical equipment to enable cheaper access to healthcare.

### 5. Local Production

There is a concern of Kenya being a supermarket or warehouse of Chinese imports because the government has not been keen on encouraging local production through subsidies and tax rebates. Value addition is also crucial in ensuring that farmers and other raw materials producers can derive more value from their trade.

### 6. Inclusive Policy Making

Participants advocated for policies that consider the economic realities of all Kenyans especially those who are either underrepresented or unrepresented. This ranges from PWDs, rural farmers, importers of fast-moving commodity goods and raw materials.

## 7. Engagement with Legislative Processes

Active Participation: Citizens were encouraged to engage with the parliamentary review process of the Finance Bill, submitting feedback and attending public participation forums scheduled between May and June.

## 8. Monitoring and Evaluation

Track Implementation: There was a consensus on the need to monitor the implementation of the Finance Bill once assented to review its real-world impact on various sectors.

The professionals in the forum all have a role to play in this and hence a quarterly review of the impact of the Finance Act on the sector specifics of the economy would help provide a valuable input to the wider corporate membership.

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