

## NEWS ALERT

### TAX LAWS (AMENDMENT) ACT, 2018

#### Introduction

One of the development items in the President's Big Four Agenda is Affordable Housing. There is no better indicator that this is a very important agenda for the government than the Tax Laws (Amendment) Act, 2018 which was passed on 18<sup>th</sup> of July, 2018 which promotes affordable housing amongst other things. Some of the key amendments are as follows:

#### Income Tax Act

##### 1. Home Ownership Savings Plans

If you save up to Kshs. 8,000 per month or Kshs. 96,000 per year in a home ownership plan you are eligible for a tax rebate. The Kshs. 8,000 will be deducted from your monthly taxable income.

##### 2. More Tax Exemptions in the Special Economic Zones (SEZ)

Licensed developers or operators in SEZs will now be exempted from capital gains and compensating tax.

#### Stamp Duty Act

Good news for first time home owners. They will now be exempted from stamp duty on their first home purchase under the affordable housing scheme.

#### Value Added Tax (VAT)

The following notable items have been added to the VAT zero rated list:

- a. Construction supplies for the direct and exclusive use of constructing more than 5,000 housing units or a hotel by a licensed SEZ operator, developer or enterprise.
- b. Transfer of a business between two parties that are both registered for VAT
- c. Supply of liquefied petroleum gas (LPG)
- d. A personal car which the owner has used outside Kenya for at least 12 months

The Tax team is always available to provide more insight to the provisions of this Act. Should you have any queries or need clarifications on the contents of this alert, please contact the Tax Partner, Mr. Mohammed Abdullahi.



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