

Kenya Revenue Authority announces 13 November 2019 as commencement date for Excisable Goods Management System

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Executive summary

The Kenya Revenue Authority (KRA) has announced that 13 November 2019 is the commencement date for affixing an excise stamp duty on all bottled water, juices, energy drinks, soda and other non-alcoholic beverages manufactured in or imported into Kenya in accordance with Section 28 of the *Excise Duty Act, 2015* and Legal Notice 53 of 30 March 2017 (the Excisable Goods Management System (EGMS) Regulations). The announcement was made through a public notice issued by the Commissioner General on 28 October 2019. Manufactured and imported products in the market prior to 13 November 2019 will be allowed in the market without stamps through 31 January 2020.

The move is aimed at improving tax collections as well as enhancing safety standards by deterring counterfeits in the country.

Detailed discussion

In a notice released on 4 October 2017, the KRA imposed mandatory affixation of stamps on all excisable commodities in accordance with EGMS Regulations of 2017. This was however nullified by the High Court on 12 March 2018 in a case brought by Mr. Okiya Omtata Okioti (the Petitioner) against the KRA, the National Treasury and SICPA Security Solutions SA (collectively, the Respondents). The

Court's order was issued on the basis that the regulations were enacted without adequate public participation, in an unconstitutional manner and against the provisions of the Statutory Instruments.

The KRA embarked on consultative meetings as well as public participation in a notice dated 30 July 2019 with various stakeholders as well as Parliament. The KRA incorporated the policy enhancements by the Public Investment Committee (PIC), recommendations from the Kenya Association of Manufacturers (KAM), the Water Bottle Manufacturers of Kenya (WBAK) and other representatives which led to a revision of reduced stamp costs by the Cabinet Secretary, National Treasury & Planning from Kshs.1.50 per stamp to Kshs.0.5 per stamp for water and Kshs.0.6 for other non-alcoholic beverages and cosmetics. Other issues resolved as per the notice included the KRA's conclusion of installing the EGMS in 42 out of 46 automated water and juice production lines. Alternative arrangements were provided for manufacturers with manual production lines. In a separate notice dated 30 August 2019, the Commissioner General indefinitely postponed the intended go-live date of 1 September 2019 to allow manufacturers time to complete installation of the EGMS.

Next Steps

In accordance with section 15 of the *Excise Duty Act 2015*, only licensed manufacturers and licensed importers of excisable goods can obtain excise stamps. To purchase excise stamps licensed manufactures must go to <https://egms.kra.go.ke> using the log in details issued after licensing.

Manufacturers, importers, distributors, retailers and the general public must meet the following dates and changes set forth in the notice:

- **13 November 2019:** Any products manufactured or imported into Kenya must be affixed with an excise duty stamp
- **31 January 2020:** The final date that all bottled water, juices, energy drinks, soda and other non-alcoholic beverages manufactured or imported into Kenya prior to the go-live date will be allowed in the market without stamps

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