

## Kenya Revenue Authority issues guidelines on implementation of recent legislative changes to Import Declaration Fee and Railway Development Levy

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On 7 January 2020, the Kenya Revenue Authority (KRA) issued guidelines outlining customs procedures for the implementation of the amended Import Declaration Fee (IDF) and Railway Development Levy (RDL) rates. The IDF and RDL are levied on the customs value of goods imported into the country for home use other than those goods which are explicitly exempted in line with the *Miscellaneous Fees and Levies Act, 2016* (MFLA).

Effective 7 November 2019, the MFLA was amended through the *Finance Act, 2019* to increase IDF and RDL rates from 2% to 3.5% and 1.5% to 2% respectively. However, the Act provided for preferential rates with respect to imported raw material and intermediate products imported by approved manufacturers as well as approved importers of inputs for construction of houses under the Affordable Housing Scheme (qualifying imports). This incentive is in line with the Government's Big Four Agendas which include affordable housing and manufacturing. The preferential rates entail reduced IDF rate of 1.5% and maintenance of the previous RDL rate of 1.5% on qualifying imports.

The guidelines aim to facilitate collection of the IDF and RDL and at the same time facilitate smooth vetting and clearance of imports that qualify for the preferential rates in the SIMBA/Automated Customs Management System (ACMS) or Integrated Customs Management System (ICMS) in line with the applicable Customs Procedures Codes (CPC).

The guidelines also are intended as a short-term fix necessary for the smooth implementation of the preferential IDF and RDL rates. The qualifying imports are currently based on the list of raw materials and intermediate products approved by the Cabinet Secretary for Industrialization in conjunction with the Kenya Bureau of Standards for the purpose of the Pre-Export Verification of Conformity (PVoC) exemption. The procedures that will apply to facilitate collection of the correct IDF and RDL as outlined in the KRA guidelines can be accessed [here](#).

## Next steps

All manufacturers should ensure they are on the approved manufacturers' list and they have submitted their list of raw materials expected to be imported with the Kenya Association of Manufacturers in order to benefit from the preferential rates. However, the above procedures are a short-term measure considering that a comprehensive list of qualifying raw materials and intermediate products will be provided by the National Treasury for configuration in the Customs clearance systems. Once finalized, the procedures will be revised accordingly.

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