

## Kenya adjusts excise duty rates

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### Executive summary

Pursuant to Kenya's *Excise Duty Act 2015*, both the Cabinet Secretary and the Commissioner General of the Kenya Revenue Authority are empowered to adjust excise duty rates.

The Cabinet Secretary may adjust (by increasing or decreasing) the rate of excise duty on excisable goods or services by an amount not exceeding 10%. Further, the Act empowers the Commissioner General to adjust specific excise duty rates annually because of inflation. The first inflation adjustments were introduced on 1 August 2018 by the Commissioner General via Legal Notice 164 which was later annulled in September 2018 by the National Assembly due to insufficient public participation.

In December 2018, both the Commissioner General and the Cabinet Secretary exercised their powers and effected new excise duty rates via Legal Notices 239 and 240.

### Detailed discussion

The Legal Notice 239 (LN 239) increased the specific Excise Duty rates by 5.2% which was the average inflation rate for the 2017/2018 financial year. LN 239 had no specified effective date. However, it was dated 11 December 2018 and gazetted on 21 December 2018.

Below are the new rates introduced by the LN 239 dated 11 December 2018.

Description	Prior rate of Excise Duty (KShs)	New rate of Excise Duty (KShs)
Fruit juices (including grape must), and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter	Kshs10 per litre <sup>1</sup>	Kshs10.50 per litre
Bottled or similarly packaged waters and other non-alcoholic beverages not including fruit or vegetable juice.	Kshs5 per litre	Kshs5.20 per litre
Beer, Cider, Perry, Mead, Opaque beer and mixtures of fermented beverages with non-alcoholic beverages and spirituous beverages of alcoholic strength not exceeding 10%	Kshs100 per litre	Kshs105.20 per litre
Powdered beer	Kshs100 per kg	Kshs105.20 per kg
Wines including fortified wines, and other alcoholic beverages obtained by fermentation of fruits	Kshs150 per litre	Kshs157.80 per litre
Spirits of undenatured ethyl alcohol; spirits liqueurs and other spirituous beverages of alcoholic strength exceeding 10%	Kshs200 per litre	Kshs210.40 per litre
Cigars, cheroots, cigarillos, containing tobacco or tobacco substitutes	Kshs10,000 per kg	Kshs10,520 per kg
Electronic cigarettes	Kshs3,000 per unit	Kshs3,156.00 per unit
Cartridge for use in electronic cigarettes	Kshs2,000 per unit	Ksh2,104.00 per unit
Cigarette with filters (Hinge lid and soft cap)	Kshs2,500 per mille	Kshs2,630.00 per mille
Cigarettes without filters (plain cigarettes)	Kshs1,800 per mille	Kshs1,893.00 per mille
Other manufactured tobacco and manufactured tobacco substitutes; "homogenous" and "reconstituted tobacco"; tobacco extracts and essences	Kshs7,000 per kg	Kshs7,364.00 per kg
Motor cycles of tariff 87.11 other than motor cycle ambulances and locally assembled motor cycles	Kshs10,000 per unit	Kshs10,520 per unit
Condensates per 1000 litres @ 20°C	6,225.00	6,548.70
Motor spirit (gasoline) regular per 1000 litres @ 20°C	19,505.00	20,519.20
Motor spirit (gasoline) premium per 1000 litres @ 20°C	19,895.00	20,929.50
Aviation spirit per 1000 litres @ 20°C	19,895.00	20,929.50
Spirit type jet fuel per 1000 litres @ 20°C	19,895.00	20,929.50
Special boiling point spirit and white spirit per 1000 litres @ 20°C	8,500.00	8,942.00
Other light oils and preparations per 1000 litres @ 20°C	8,500.00	8,942.00
Partly refined (including topped crude) per 1000 litres @ 20°C	1,450.00	1,525.40
Kerosene type jet fuel per 1000 litres @ 20°	5,755.00	6,054.20

Description	Prior rate of Excise Duty (KShs)	New rate of Excise Duty (KShs)
Illuminating kerosene per 1000 litres @ 20°C	7,205.0	7,579.60
Other medium oils and preparations per 1000 litres @ 20°C	5,300.00	5,575.60
Gas oil (automotive, light, amber for high speed engines) per 1000 litres @ 20°C	10,305.00	10,840.80
Diesel oil (industrial, heavy, black for low speed marine and stationary engines) per 1000 litres @ 20°C	3,700.00	3,892.40
Other gas oils per 1000 litres @ 20°C	6,300.00	6,627.60
Residual fuel oils (marine, furnace and similar fuel oils) of a kinematic viscosity of 125 centistokes per 1000 litres @ 20°C	300.00	315.60
Residual fuel oils (marine, furnace and similar fuel oils) of a kinematic viscosity of 180 centistokes per 1000 litres @ 20°C	600.00	631.20
Residual fuel oils (marine, furnace and similar fuel oils) of a kinematic viscosity of 280 centistokes per 1000 litres @ 20°C	600.00	631.20
Other residual fuel oils per 1000 litres @ 20°C	600.00	631.20

LN 239 adjusted excise duty rates for all excisable goods with specific excise duty rates including petroleum products. Cognizant to the fact that Value Added Tax had been introduced to the petroleum products in 2018 which resulted to increased cost of living, we opine that Legal Notice 240 (LN 240) was introduced to counter the increased excise duty on petroleum products by reducing the rates by 4.9% effective 12 December 2018. The resultant net of the two notices is that the excise rates on the petroleum products remain unchanged.

Below are the excise duty rates applicable on petroleum products as per the LN 240:

Tariff No.	Tariff description	Prior rate (KShs)	Rate per LN 239 (KShs)	Rate per LN 240 (KShs)
2709.00.10	Condensates per 1000 litres @ 20°C	6,225.00	6,548.70	6,225.00
2710.12.10	Motor spirit (gasoline) regular per 1000 litres @ 20°C	19,505.00	20,519.20	19,505.00
2710.12.20	Motor spirit (gasoline) premium per 1000 litres @ 20°C	19,895.00	20,929.50	19,895.00
2710.12.30	Aviation spirit per 1000 litres @ 20°C	19,895.00	20,929.50	19,895.00
2710.12.40	Spirit type jet fuel per 1000 litres @ 20°C	19,895.00	20,929.50	19,895.00
2710.12.50	Special boiling point spirit and white spirit per 1000 litres @ 20°C	8,500.00	8,942.00	8,500.00
2710.12.90	Other light oils and preparations per 1000 litres @ 20°C	8,500.00	8,942.00	8,500.00
2710.19.10	Partly refined (including topped crude) per 1000 litres @ 20°C	1,450.00	1,525.40	1,450.00
2710.19.21	Kerosene type jet fuel per 1000 litres @ 20°	5,755.00	6,054.20	5,755.00

Tariff No.	Tariff description	Prior rate (KShs)	Rate per LN 239 (KShs)	Rate per LN 240 (KShs)
2710.19.22	Illuminating kerosene per 1000 litres @ 20°C	7,205.0	7,579.60	7,205.00
2710.19.29	Other medium oils and preparations per 1000 litres @ 20°C	5,300.00	5,575.60	5,300.00
2710.19.31	Gas oil (automotive, light, amber for high speed engines) per 1000 litres @ 20°C	10,305.00	10,840.80	10,305.00
2710.19.32	Diesel oil (industrial, heavy, black for low speed marine and stationary engines) per 1000 litres @ 20°C	3,700.00	3,892.40	3,700.00
2710.19.39	Other gas oils per 1000 litres @ 20°C	6,300.00	6,627.60	6,300.00
2710.19.41	Residual fuel oils (marine, furnace and similar fuel oils) of a kinematic viscosity of 125 centistokes per 1000 litres @ 20°C	300.00	315.60	300.00
2710.19.42	Residual fuel oils (marine, furnace and similar fuel oils) of a kinematic viscosity of 180 centistokes per 1000 litres @ 20°C	600.00	631.20	600.00
2710.19.43	Residual fuel oils (marine, furnace and similar fuel oils) of a kinematic viscosity of 280 centistokes per 1000 litres @ 20°C	600.00	631.20	600.00
2710.19.49	Other residual fuel oils per 1000 litres @ 20°C	600.00	631.20	600.00

## Endnote

1. Litre is used throughout this Alert as it is referenced in the Act.

For additional information with respect to this Alert, please contact the following:

**Ernst & Young (Kenya), Nairobi**

- ▶ Hadijah Nannyomo      [hadijah.nannyomo@ke.ey.com](mailto:hadijah.nannyomo@ke.ey.com)
- ▶ John Gikima      [john.gikima@ke.ey.com](mailto:john.gikima@ke.ey.com)
- ▶ Stephen Ndegwa      [stephen.ndegwa@ke.ey.com](mailto:stephen.ndegwa@ke.ey.com)
- ▶ Emmanuel Makheti      [emmanuel.makheti@ke.ey.com](mailto:emmanuel.makheti@ke.ey.com)
- ▶ Esther Muteti      [esther.muteti@ke.ey.com](mailto:esther.muteti@ke.ey.com)

**Ernst & Young Advisory Services (Pty) Ltd., Africa ITS Leader, Johannesburg**

- ▶ Marius Leivestad      [marius.leivestad@za.ey.com](mailto:marius.leivestad@za.ey.com)

**Ernst & Young LLP (United Kingdom), Pan African Tax Desk, London**

- ▶ Rendani Neluvhalani      [rendani.mabel.neluvhalani@uk.ey.com](mailto:rendani.mabel.neluvhalani@uk.ey.com)
- ▶ Byron Thomas      [bthomas4@uk.ey.com](mailto:bthomas4@uk.ey.com)

**Ernst & Young LLP, Pan African Tax Desk, New York**

- ▶ Dele A. Olaogun      [dele.olaogun@ey.com](mailto:dele.olaogun@ey.com)

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