

Dispute |

KRA, Kenya Breweries in Sh12bn tax row

Edwin Mutai

The taxman is embroiled in a dispute with the Kenya Breweries Limited (KBL) that arose from tax abandonment under President Uhuru Kenyatta's jubilee administration.

The Kenya Revenue Authority (KRA) documents tabled in the Senate Trade, Industrialisation and Tourism Committee shows KBL owed the taxman Sh12.057 billion as at the end of financial year 2022/23.

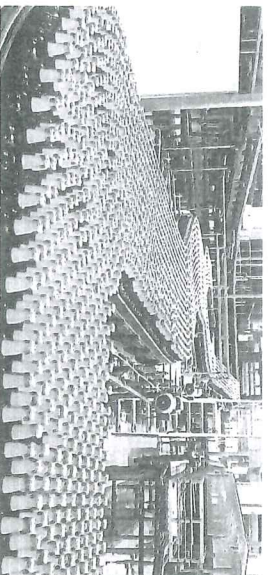
The brewer owes the KRA Sh8.2 billion as tax assessment on remission from the Sh11.7 billion on Keg beer.

"The Sh8.204,929,625 was abandoned, however, abandonment was revoked and the matter is pending determination at the High Court," Humphre Wataranga, the KRA commissioner, general, said.

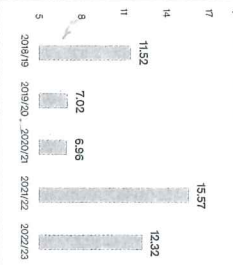
KBL paid the KRA Sh3.5 billion between June 2015 and May 2016 as part of the total outstanding balance of Sh11.7 billion.

It also owes the KRA Sh3.83 billion, an amount that has been outstanding from July 2015 to June 2020.

"The matter is currently under



EABL net earnings (Sh bn)
The groups net profit, dropped by 21 percent to Sh12.32 billion



SOURCE: COMPANY STATEMENTS

appeal at the Tax Appeals Tribunal (TAT) and is undergoing alternative dispute resolution (ADR) process."

A beer production line at the KBL plant in Ruarakaka in Nairobi. FILE

Mr Wataranga said.

The brewer and the taxman have since resolved tax cases relating to the Sh194 million linked to a case that went through TAT and the ADR as well as Sh83.9 million which underwent the same dispute resolution.

Section 37 of the Tax Procedure Act provides that abandonment of taxes only applies where the KRA commissioner-general initiates such abandonment and determines the grounds.

Upon determination is made, the commissioner-general will refer the matter to the Treasury Cabinet Secretary for approval.

The Senate committee is probing the decision by the Treasury and the KRA to waive taxes on a number of multinational firms during the dying months of the jubilee regime.

Chinese firm Huawei Technology is among foreign firms facing sanctions, including being barred from doing business in Kenya after it provided documents to Parliament explaining how it got a tax waiver that has since accumulated to Sh1.92 billion.

An inquiry by the National Assembly's Finance and National Planning Committee found that the ICT ministry failed to withhold and remit tax from Huawei that related to the construction of Konza city.

The Treasury also granted the ICT ministry a Sh1.9 billion tax waiver on what Huawei owed for laying the fibre optic cables.

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Education |

Universities pending bills hit Sh75bn

Eric Matara

Public universities owe statutory bodies and other creditors Sh75 billion in pending bills, a figure that has doubled in two years.

The revelation comes as a time the government is moving to a new funding model that appears headed for headwinds, less than a year after it was unveiled, following delays in disbursement.

The institutions expect to receive Sh1.9 billion from the Exchequer for students in their first year of study. Only Sh797 billion had been received by the Universities Fund (UF) by the end of last week.

The CEO of the UF said that public universities had been issued with promissory letters that the funds would be disbursed immediately they are received. It has also emerged that continuing government-sponsored students in private universities are dropping out because the government has not paid their tuition fees.

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Energy |

Power prices drop in March as debt burden dims relief

Brian Ambani

Consumer prices of electricity have dropped by an average Sh1 a unit for March, marking a second consecutive month of cost relief, although paying providers cut more gains.

TI after the Energy and Petroleum Regulatory Authority (Epra) lowered the fuel energy cost to Sh3.64 per kilowatt-hour (kWh) for this month from Sh4.14 in February on reduced uptake of expensive thermal power.

Kenya Power increased the purchase of cheaper hydropower from 253.4 million units in January to 260.88 million units in February, easing pressure on bills.

"Pursuant to Clause 1 of Part III of the Schedule of Tariffs 2023, notice is given that all prices for electrical energy specified in Part II of the said Schedule will be liable to a fuel energy cost change of plus 364 Kenya cents per kWh for all meter readings to be taken in March 2024," said Epra director-general Daniel Kipitoo in a gazette notice.

Epra data shows that foreign ex-

Sh1

The drop per unit of electricity

change rate fluctuation adjustment (Fera), which reflects the cost of servicing foreign currency loans used to finance power generation, went up to Sh3.68 for March from Sh3.22 per unit in February.

This is despite the strengthening of the Kenyan shilling against the US dollar last month to trade at an average Sh1597 against the dollar in January. It went up to an average Sh152.26 last month.

The increase in forex costs was caused by improved payments to power generators. These payments have been accumulating for months due to a shortage of foreign currency.

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