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**SPEECH BY CABINET SECRETARY, NATIONAL TREASURY AND  
ECONOMIC PLANNING DURING 9<sup>TH</sup> ANNUAL TAX SUMMIT**

**11<sup>TH</sup> OCTOBER 2023**

**KRA Board Chairman,  
Commissioner General,  
Chairpersons and CEOs of various Associations present,  
Stakeholders present,  
Distinguished guests,  
Ladies and gentlemen,**

I am pleased to join you here today at the opening of this year's Annual Tax Summit. On behalf of the National Treasury & Economic Planning, allow me to extend my gratitude to Kenya Revenue Authority (KRA) for organising this auspicious event.

It is commendable for KRA to provide such a platform for tax experts, policymakers and taxpayers to discuss relevant issues pertinent to the tax system in Kenya and across the globe. This is because tax policy debates and decision making have become a critical subject to the public, businesses, as well as the economy at large.

The theme of this year's Annual Tax Summit is '**Turning the Reel: Building a Resilient and Progressive Tax System from the Bottom**'.

This theme resonates with the Government's **Bottom-Up Economic Transformation Agenda (BETA)** whose main objective is to improve the livelihoods and welfare of Kenyans. The Agenda is geared towards economic turn around and inclusive growth through the value chain approach. BETA has targeted sectors with the most impact to drive economic recovery.

BETA aims to increase investments in various sectors with a focus on increased employment, bringing down the cost of living through prudent monetary and fiscal policy, expanding the tax revenue base to increase total revenue collection, and improving the country's foreign exchange balance through promotion of exports in order to improve reserves.

BETA envisage implementation of policies, programmes and projects to achieve these objectives through five core pillars namely: Agriculture; Micro, Small and Medium Enterprises; Housing and Settlement; Health Care; and Digital Superhighway and Creative Economy.

The outcomes, outputs and recommendations from this tax summit will therefore be of principal significance in the implementation of BETA and ensuring sustainability of the country's economy.

**Ladies and Gentlemen,**

Effective implementation of the Government's development agenda requires predictable and adequate funding. It is therefore significant for a Government to establish sustainable operative policies and a tax system that will enhance revenue mobilisation.

The question to answer during this summit is how do we create a tax system that is less likely to get bogged down in the midst of economic shocks. In other words, how do we create a resilient and progressive tax system while facing fiscal shocks?

Resilient Tax Systems have the ability to ensure that revenues recover in the face of external economic shocks. Such Tax systems should also be capable to adjust to changing tax practices and circumstances both locally

and internationally. There is need therefore for a tax system that has the ability to rebound swiftly, to become more robust and flexible. This can only be achieved through appropriate policy measures.

The appropriate policies assist to close revenue gaps, and ensure that a robust domestic resource mobilization agenda is realised. Enhancement of tax policies enable the Government to grow the tax revenue, provide legal framework for introducing tax incentives, provide guidance, ensure certainty and establish coherence.

The Kenya Kwanza Government is currently undertaking tax policy reforms. The Government is in the process of implementing the National Tax Policy and the Medium-Term Revenue Strategy (MTRS) for the period FY 2023/24 - 2026/27.

The policies will enable the Government to tackle the stagnation in revenue collection through expansion of the tax base, embracing international best practices, creating certainty and predictability of tax rates and bases,

enhancing tax compliance, promoting investment and reducing tax expenditures or tax incentives. The tax policies will be reviewed frequently, to align with other government policies and ensure the predictability and sustainability of the tax rates.

The MTRS for example, comprises legal, administrative and policy measures to reform the tax system, which is expected to boost tax revenues over the medium term. MTRS is expected to build confidence and compliance in the tax system.

One of the key strategies in the MTRS is Tax Base Expansion (TBE), which is the roadmap to enhancing domestic revenue mobilisation without necessarily overburdening taxpayers who are already in the taxable bracket. To expand the tax base, the Government needs to inculcate the culture of voluntary compliance. I laud KRA for rigorously implementing the tax amnesty programme, which is aimed at enhancing voluntary tax compliance.

This programme guarantees taxpayers relief of penalties, interests and fines based on prescribed conditions. Taxpayers who had outstanding principal taxes as at 31<sup>st</sup> December 2022 will be required to apply for amnesty within the amnesty period that ends in June 2024.

The National Treasury and Economic Planning is committed to in ensuring Kenya's tax system is among the best globally. The Ministry will continue to implement tax policies that not only enhance expansion of the tax base for domestic resource mobilisation, but also those that promote a friendly operating environment for all taxpayers.

It is important to note that all the tax policies put in place are well thought through before they are implemented. It is not the Government's intention to implement policy measures that hurt any player in our economy. The policies are introduced to benefit all players. It is against this backdrop that I call upon all players to take part in similar noble tax discussions that would enable us to formulate and implement more effective tax policies for this country.

**Ladies and Gentlemen,**

I am optimistic that the outcome of this summit will go a long way in shaping the tax administration landscape envisioned as a country. This forum will provide a good opportunity for the participants to deliberate on how the tax administration can revolutionised in an evolving taxation landscape. It is through **your** recommendations that the Government will be able to modify and improve our tax administration policies and subsequently enhance revenue collection.

I wish you all fruitful deliberations as you embark on the discussions. It is now my pleasure to declare the 9<sup>th</sup> Tax Summit officially open.

**PROF. NJUGUNA NDUNG’U, CBS**  
**CABINET SECRETARY**  
**THE NATIONAL TREASURY & ECONOMIC PLANNING**