

## Pay-As-You-Earn (PAYE) Changes effective 1 January 2018

The Kenya Revenue Authority (“KRA”) on 3 January 2018 has issued a public notice informing all tax payers of the PAYE changes in the individual income tax rates and resident personal relief.

These changes are effective **1 January 2018** as the government effects changes in line with the Finance Act 2017.

### What does this mean?

1. The resident individual tax band changes are as outlined below;

	Annual (KES)	Monthly (KES)	Rates
On the first	147,576	12,298	@ 10%
On the next	139,043	11,587	@ 15%
On the next	139,043	11,587	@ 20%
On the next	139,043	11,587	@ 25%
On all income above	564,709	47,059	@ 30%

2. **Lowest tax band** has been increased by 10% from the previous KES 134,164 per annum (KES 11,180 per month) to KES 147,576 per annum (KES 12,298 per month).
3. **Residents’ personal tax relief** has been increased from KES 15,360.00 per annum (KES 1,280 per month) to KES 16,896 per annum (KES 1,408 per month).
4. Also important to note: Those whose income fall under the lowest tax bands (KES 12,298 per month) will continue to have their bonuses, overtime and retirement benefits paid declared non-taxable income.

### Implementation

The new tax bands and resident personal relief will apply from January 2018 payroll and the related PAYE taxes paid on or before 9 February 2018.

### Our value addition

We at TruQuantum Consulting are working with the taxpayers in ensuring they are compliant with the tax changes. As such we support you to ensure easy transition and continued tax compliance.

### Our value addition services entail:

- Review of your payroll to highlight both risks due to compliance and tax Savings available;
- Assist in payroll processing;
- iTax filing of PAYE monthly and annual returns;
- E-slip generation for making payments to the KRA;
- Other statutory filings- National Hospital Insurance Fund (NHIF), National Social Security Fund (NSSF) and National Industrial Training Authority (NITA); and
- Training on tax compliance.

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### Contact us

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