The Tax Laws (Amendment) (No. 2) Act, 2020 	  259
AN ACT of Parliament to make amendments to tax-related laws

ENACTED by the Parliament of Kenya, as follows—

1. This Act may be cited as the Tax Laws (Amendment) (No. 2) Act, 2020 and shall come into force on the 1st January, 2021.

2. The several laws specified in the first column of the Schedule are amended in the provisions specified in the second column thereof, in the manner specified in the third column.

SCHEDULE

Written Law Provision Amendment

The Income Tax Act

s.12D (1) (c) Delete the word “higher” and substitute therefor the word “lower”.

s.12D (1) Insert the following new paragraphs immediately after paragraph (c)—

(d) that person is not engaged in business whose retail price is controlled by the Government;

(e) that person is not engaged in insurance business.

Third Schedule

Head B Delete item 1 and 1A of Head B (Rates of Tax) and substitute therefor the following new items—
1. The individual rates of tax shall be—

<table>
<thead>
<tr>
<th>Rate in each shilling</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>On the first KSh. 288,000</td>
<td>10%</td>
</tr>
<tr>
<td>On the next KSh. 100,000</td>
<td>25%</td>
</tr>
<tr>
<td>Above KSh. 388,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

1A. The wife’s employment, wife’s professional and wife’s self-employment income rates of tax shall be—

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</table>

Item 2 (a) Insert the following sub-paragraph immediately after item (viii)—

(ix) For the year of KSh. 6.00 income 2021 and each subsequent year of income.

Provided that this provision shall apply to the income earned from the 1st January, 2021.

Item 5 (d) Delete the tabulation of rates and income bands and substitute therefor the following new rates and income bands—
Rate in each shilling

On the first KSh. 400,000  10%
On the next KSh. 400,000  15%
On the next KSh. 400,000  20%
On the next KSh. 400,000  25%
On all income above KSh. 1,600,000 of the amounts in excess of the tax-free amount.

Item 5 (d) (ii)
Delete the tabulation of rates and income bands and substitute therefore the following new rates and income bands —

Rate in each shilling

On the first KSh. 288,000  10%
On the next KSh. 100,000  25%
Above KSh. 388,000  30%

Item 5 (d) (iii)
Delete the words "twenty-five percent" and substitute therefor the words "thirty percent".

The Value Added Tax Act, 2013 (No. 35 of 2013)

(8) Notwithstanding the provisions of this section, a registered person who is a manufacturer may make a deduction for input tax with respect to taxable supplies made to an official aid
funded project as may be approved by the Cabinet Secretary in accordance with the First Schedule.