

COUNTY GOVERNMENT OF NAIROBI CITY



NAIROBI CITY COUNTY ASSEMBLY
THIRD ASSEMBLY
(THIRD SESSION)

COMMUNICATION FROM THE CHAIR
13th March, 2024

TAX CHARGED ON MOTOR VEHICLE RE-IMBURSEMENT BENEFIT

Hon. Members,

Good afternoon, yesterday I undertook to issue a communication regarding the tax that was charged on the motor vehicle reimbursement:-

Hon. Members,

You will recall that at the Assembly Sitting held on **1st November, 2023**, I issued an elaborate communication regarding the invalidated tax that was charged on motor vehicle reimbursement benefit for Hon. Members of the County Assembly. However, following recent developments in the public sphere, I wish to reiterate that in the High Court Petition No. 4 of 2023 *County Assembly Forum v The Commissioner Kenya Revenue Authority & Others [2023] eKLR*, the Court held that the Motor vehicle reimbursement amounts does not fall within the scope of Sections 3 and 5 of the Income Tax Act, Cap 470, hence the amounts were not taxable. The import of the said judgement was that Members of the County Assembly who were taxed ought to be refunded the amount that was deducted.

Hon. Members, in my communication of 1st November, 2023, I informed the House that by the time the said judgement was being delivered, the County Assembly had deducted and remitted to KRA a total amount of **Kshs 73,924,200**. You will recall that

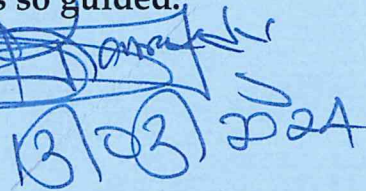
at the time of disbursement of the benefit, we had engaged KRA and agreed on a plan where Hon. Members had option of either being deducted at once the full amount of Kshs 663, 600 or pay monthly installments through payroll deductions. Indeed, the amount already paid to KRA for each Member reflects in individual Member's KRA P9 Form.

Hon. Members, today I have instructed the Clerk to circulate to all Members sufficient copies of a comprehensive report showing how the money was deducted and transferred to KRA via direct bank transfer made on 1st and 2nd March, 2023, and 30th May, 2023 and via payroll deduction amounting to Kshs 17,916,360.

Hon. Members, this information should therefore clear any doubt as to whether the monies were transferred to KRA. In this regard, I have instructed the Clerk to follow-up with KRA on how the monies will be refunded. Equally, the House Leadership will be engaging with other higher authorities to ensure that the funds are refunded. I shall be updating the House on the progress made on this matter.

The Assembly is so guided.

I thank you.

Handwritten signature in blue ink, followed by the date '13/03/2024' written in blue ink.

The Hon. Kennedy Okeyo Ng'ondi, MCA
SPEAKER, NAIROBI CITY COUNTY ASSEMBLY

Wednesday, 13th March, 2024