



PUBLIC NOTICE

NEW TAX MEASURES FOR MID-YEAR BUDGET REVIEW

The Honourable Minister of Finance, Economic Planning and Decentralization presented the 2025/26 Mid-Year Budget Review to Parliament on Friday, 21st November, 2025. New tax measures for Domestic Taxes and Customs & Excise were announced. The new measures are effective from 30th December, 2025 as follows:

INCOME TAX MEASURES

1. Money transfers

- Introduced 0.05 percent levy on all bank transfers across banks to be paid by the sender
- Introduced 0.05 percent levy on mobile money transfers in excess of K100,000 to be paid by the sender

2. Pay As You Earn PAYE

- Increased the zero-rate threshold from K150, 000 to K170,000 per month
- Removed the 25 percent tax bracket
- Applied 30 percent rate on monthly incomes from K170,000 to K1.57 million
- Applied 35 percent rate on monthly incomes from K1.57 million to K10 million
- Introduced 40 percent rate on monthly incomes in excess of K10 million per month

3. Supernormal Profit Tax

- Reduced the threshold for super normal profits for companies from a taxable income of K10 billion to K5 billion. Taxable incomes below K5 billion will be taxed at 30 percent and those in excess of K5 billion at 40 percent

4. Gambling and Lottery Winnings

- Removed K100,000 and K500,000 tax free thresholds
- Subjected all winnings to Withholding tax
- Increased Withholding tax rate from 10 percent to 15 percent

5. Minimum Alternate Tax (MAT)

- Introduced a Minimum Alternative Tax (MAT) of 0.5% of turnover for companies with turnover above K5 billion and operating more than 3 years

6. Capital Gains Tax on Shares

- Removal of tax exemption based on holding period and capital gains tax will apply on disposal of all shares

CUSTOMS & EXCISE

- Reinstated 20% surcharge on imported cement under HS Code 2523.29.00

VALUE ADDED TAX (VAT)

- Increased VAT rate from 16.5% to 17.5%

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