

**SPEECH BY MR. M.G. WAWERU, THE COMMISSIONER GENERAL OF KENYA REVENUE  
AUTHORITY (KRA) DURING THE OFFICIAL TAKEOVER OF LAND RENT COLLECTION BY  
KRA FROM THE MINISTRY OF LANDS AT THE KRA CONVENTION CENTRE, TIMES  
TOWER BUILDING, NAIROBI  
5<sup>TH</sup> JANUARY 2007**

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- **The Minister for Finance, Hon. Amos Kimunya,**
- **The Minister for Lands, Hon. Prof. Kivutha Kibwana,**
- **The Permanent Secretary, Ministry of Finance,**
- **The Permanent Secretary, Ministry of Lands,**
- **The Commissioner of Lands,**
- **KRA Commissioners,**
- **Management and staff of Ministry of Lands and KRA**
- **Ladies and Gentlemen:**

From the outset, I would like to express my appreciation to the Minister for Finance for transferring the responsibility of collecting land rent from the Ministry of Lands to the Kenya Revenue Authority (KRA). I also take this opportunity to thank the Permanent Secretary in the Ministry of Lands, Commissioner of Lands and KRA Commissioners of Domestic Taxes for facilitating and ensuring that the takeover exercise was completed in good time. Further, I appreciate the efforts of the task force for the good work they have done in working out the modalities and procedures of collecting and accounting for the revenue.

As you are aware, KRA and the Ministry of Lands started working closely from March 2000 when the Ministry engaged the services of KRA in the collection of revenue from Adhesive Revenue Stamps. This relationship steadily improved and led to the transfer of the collection of Stamp Duty from the Ministry to KRA in January 2005 and now the collection of Land Rent. This demonstrates the confidence that the Ministry has in us and we promise not to let you down.

**Ladies and Gentlemen,**

I am glad to report that since KRA took over the responsibility of collecting Stamp Duty in the month of January 2005, we have achieved significant improvement in performance under this revenue head. Starting from a collection of only **KShs.79 Million** in that month, we collected over **KShs.316 Million** last month. This shows that revenue from this source has increased **four times** over the two year period.

Putting the stamp duty revenue in the perspective of the fiscal year 2005/2006, we collected a total of **KShs.2,352 Million** against a target of **KShs.1,680 Million** thereby exceeding the target by **KShs.672 Million**. As at the end of the first half of the current financial year, we had already collected **KShs.1,534 Million** from this source of revenue against an annual target of **KShs.2,400 Million** indicating that we are on course to surpassing the target.

It is worth noting that this excellent performance has been possible due to our strategies and the invaluable cooperation between the Ministry and KRA. Through our knowledge and expertise in tax collection, we are confident that the performance of land rent will also significantly improve over time.

**Ladies and Gentlemen,**

I am informed that the Ministry of Lands has approximately 300,000 Land Rent payers and that arrangements to capture the land rent information is in progress. I am also informed that the Ministry has made tremendous progress towards automating its processes and procedures. This will enable us to inter-connect our systems in order to enhance the collection of the Ministry's revenue from the sources under our docket as well as the land rent collection procedures. Inter-connectivity will also ensure effective data management between the two institutions. Our mandate, however, will be limited to the collection and accounting for the exchequer revenue.

KRA has developed an effective and transparent framework for collection, enforcement and accounting for land rent. Already, the National Bank of Kenya has been appointed to facilitate the collection process and Land rent pay in slips (LRT2), are now available in all the branches of the bank countrywide. Negotiations with other commercial banks are going on and soon some will be appointed as agents for collecting the revenue.

**Ladies and Gentlemen,**

I have been notified that the Land Rent Demand Notices for the year 2007 have not been released to the land rent payers but I am confident that the Commissioner of Lands will fast track their issuance in order to create a conducive collection platform. Further, we have established that outstanding land rent debt is more than **KShs.4 billion**. The recovery of this debt is a big challenge that calls for effective strategies, determination, cooperation and joint efforts between KRA and Ministry of Lands.

One strategy that the Ministry could use to enhance the recovery of the debt is to publish the details of land rent defaulters and the amounts they owe. KRA has already issued public notice in the print media appealing to all land rent payers to settle their arrears by 31<sup>st</sup> January, 2007 to avoid paying penalties and interests thereof. In the long run, however, we will need to develop effective strategies that will ensure prompt payment of rent and stop accumulation of arrears.

**Ladies and Gentlemen,**

One of our strategic objectives is to expand the tax base in order to effectively deliver on our mandate of maximizing Government revenue. By expanding the tax base, we will bring all eligible taxpayers in all sectors of our economy into the tax net and therefore achieve our core value of administering taxes fairly and equitably. Therefore, the transfer of the responsibility of collecting land rent to KRA has come in handy. This is because the data that we will receive and capture from land rent payers shall provide us with useful source of information

for recruitment of potential taxpayers for domestic taxes as well as determine the level of compliance of taxpayers in our system. Using the data, we will be able to know tax evaders, especially property owners who have not been disclosing the rent they earn from their properties and pursue them.

**Ladies and Gentlemen,**

As I conclude my remarks, I wish to thank the Ministry of Lands for giving us the responsibility of collecting its major revenue and for the good working relationship we have had since the year 2000. We look forward to a fruitful working relationship with the Ministry and call on the public to support and cooperate with us.

Last but not least, I take this opportunity to thank you all for your time and the commitment towards the success of this project. I wish you all a happy and a prosperous new year, 2007.

It is now my pleasure to invite the Minister for Finance, Hon. Amos Kimunya, to officially launch the Land Rent collection takeover.

Thank you.

**M.G. Waweru**

**KRA Commissioner General**