



**LEGAL NOTICE NO. \_\_\_\_\_ OF 2025**

**THE EXCISE DUTY ACT**

**(CAP. 472)**

IN **EXERCISE** of the powers conferred by section 7 (2) of the Excise Duty Act (Cap. 472) the Cabinet Secretary for the National Treasury and Economic Planning makes the following Regulations —

**THE EXCISE DUTY (REMISSION OF EXCISE DUTY) REGULATIONS,  
2025**

- Citation.                    **1.** These Regulations may be cited as the Excise Duty (Remission of Excise Duty) Regulations, 2025.
- Interpretation.           **2.** In these Regulations, unless the context otherwise requires -
- “compounder” means a person or entity that blends, mixes, or otherwise processes spirits (alcohol) by adding flavour, color, or other substances to create alcoholic beverages;
- “compound” means to mix or blend rectified or plain spirits with other ingredients such as flavours, colour, water, or sweeteners to produce a finished alcoholic beverage;
- “licensed distiller” means a person or entity that is legally licensed by the Commissioner to manufacture spirits through the process of distillation.
- “spirit” means un-denatured extra neutral alcohol having an alcoholic strength exceeding ninety per cent by volume, and does not include spirituous beverages in their final consumable form manufactured by a licensed manufacturer.
- Objectives of remission of excise duty           **3.** (1) The objective of these Regulations is to provide a framework for the remission of excise duty on beer, spirits, or wine manufactured from agricultural products grown in Kenya, in order to —
- (a) promote the use of locally grown agricultural products in the manufacture of beer, spirits, and wine;



- (b) support local farmers by creating a reliable and sustainable market for their produce;
- (c) reduce reliance on imported raw materials; and
- (d) reduce cases of illicit trade in beer, spirits and wines

Remission of  
excise duty

**4.** (1) The Cabinet Secretary may, on the application by a licensed manufacturer or distiller, grant the remission of excise duty at eighty per centum with respect to beer, spirit, or wine made from sorghum, millet or cassava or any other agricultural produce grown in Kenya.

(2) The remission of excise duty under paragraph (1) shall not apply to —

- (a) beer, spirits, or wine made from barley;
- (b) spirits of any description, including all liquor mixed with spirits and all mixtures, compounds, or preparations made with spirits, where the spirits have an alcoholic strength of ninety per cent by volume or less;
- (c) spirits intended for export or already subject to another form of duty rebate, refund, or drawback;
- (d) spirits used or intended to be used in the manufacture of products other than alcoholic beverages

Conditions  
necessary for  
remission of  
excise duty

**5.** (1) A licensed manufacturer of beer may be granted remission of excise duty under these Regulations subject to the following conditions —

- (a) be tax compliant;
- (b) comply with the requirements of the electronic tax invoicing system under section 23A of the Tax Procedures Act, Cap. 469B;
- (c) have a valid excise license to produce beer;
- (d) have an Excisable Goods Management System;
- (e) make beer consisting of at least seventy five per cent sorghum, millet or cassava or any other agricultural products grown in Kenya excluding sugar and barley;;



- (f) package the beer in a pressurized container of at least thirty litres or such other container and quantity as the Cabinet Secretary may approve;
- (g) sell the beer at not more than one hundred and fifty shillings per litre;
- (h) provide a list of contracted farmers supplying the agricultural products, together with a framework for verifying that the products used to manufacture beer under the remission are grown in Kenya; and
- (i) comply with such other conditions as the Commissioner may impose.

(2) A licensed distiller of spirits may be granted remission of excise duty subject to the following conditions —

- (a) be tax compliant;
- (b) comply with the requirements of the electronic tax invoicing system under section 23A of the Tax Procedures Act, Cap. 469B;
- (c) have a valid excise license to produce spirituous beverages;
- (d) have an Excisable Goods Management System;
- (e) distil spirit made of at least seventy-five per cent of sorghum, millet, cassava or any other agricultural product grown in Kenya, but excluding sugar and barley;
- (f) pack the spirit in a container that is at least two hundred and fifty litres;
- (g) sell the spirits at not more than three hundred and fifty shillings per litre;
- (h) install a flowmeter regulated at 20 degrees centigrade at the discharge point to the compounder unless exempt under the Act;



- (i) provide a list of contracted farmers supplying the agricultural products, together with a framework for verifying that the products used to manufacture spirits under the remission are grown in Kenya; and
- (j) comply with such other conditions as the Commissioner may impose.

(3) A licensed manufacturer of wine may be granted remission of excise duty subject to the following conditions —

- (a) be tax compliant;
- (b) compliance with the requirements of the electronic tax invoicing system under section 23A of the Tax Procedures Act, Cap. 469B;
- (c) have a valid excise license to produce wine;
- (d) have an Excisable Goods Management System;
- (e) make wine that consists at least seventy five per cent of sorghum, millet or cassava or any other agricultural products grown in Kenya excluding sugar and barley;
- (f) pack the wine in a wooden barrel container of at least thirty litres or such other container and quantity as the Cabinet Secretary may approve;
- (g) sell the wine at not more than seven hundred shillings per litre;
- (h) provide a list of contracted farmers supplying the agricultural products, and a framework to verify that the products used to manufacture wines under the remission are grown in Kenya; and
- (i) comply with such other conditions as the Commissioner may impose.

6. (1) Subject to Regulation 5(2), a licensed distiller who compounds spirits manufactured from his or her s distillery is



A licensed  
distiller who is a  
compounder

entitled to a remission of excise duty on the compounded spirits in accordance with Regulation 4.

(2) A licensed distiller who is a compounder shall -

- (a) pack in a container that is at least two hundred and fifty millilitres;
- (b) the compounded spirits shall consist at least seventy-five per centum of sorghum, millet, cassava or any other agricultural product grown in Kenya, but excluding sugar and barley
- (c) sell the spirits at not more than three hundred and fifty shillings per litre; and
- (d) each package or container and material wrapping the package for retail purposes shall have printed on it "SPIRITS UNDER REMISSION".

Returns

7. (1) Subject to the provisions relating to returns under the Act, a manufacturer who has been granted remission under these Regulations shall provide to the Commissioner in the prescribed manner a detailed return of -

(a) the quantities and types of —

- (i) raw materials used;
- (ii) beer, wines or spirits manufactured; and
- (iii) beer, wines or spirits sold.

(b) the flowmeter readings as may be specified by the Commissioner;

(c) where applicable, agricultural products purchased during the period and evidence of payments to the farmers;

(2) A return made under paragraph (1) shall be submitted quarterly.

Revocation of the  
excise duty  
remission

8. Where the manufacturer fails to comply with the conditions specified in these Regulations and any other provisions of the Act, the Cabinet Secretary shall revoke the remission and the full excise duty remitted including penalties on the remitted excise duty at



the rate applicable to outstanding tax arrears, shall be due and payable from the date of non-compliance.

Transitional  
provisions

**9.** A manufacturer who was granted a remission before coming into force of these Regulations shall continue with the remission and shall be required to comply with any additional requirements within six months from the date of publication of these Regulations.

Revocation.  
L.N 52 of 2017

**10.** The Excise Duty (Remission of Excise Duty) Regulations 2017 are revoked.

Made on the ....., 2025

**JOHN MBADI NGONG'O,**  
*Cabinet Secretary for the  
National Treasury and Economic Planning*