KENYA REVENUE AUTHORITY

Tulipe Ushuru, Tujitegemee!



EXCISE DUTY

Disclaimer: KRA notifies taxpayers that it will not accept responsibility for payments not received, credited and validated in the relevant KRA accounts. Corruption

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What is Excise Duty?

Excise duty is a tax charged on goods and services manufactured in Kenya or imported into Kenya and specified in the First Schedule to the Excise Duty Act, 2015.

What are Excisable goods?

Excisable goods are goods that are specified in Part I of the First Schedule to the Excise Duty Act, 2015.

What is an Import?

Import is to bring or cause goods to be brought into Kenya from a foreign country, a special economic zone or an export-processing zone.

What is an Export?

Export means to take or cause to be taken from Kenya to a foreign country, a special economic zone or to an export-processing zone.

What is Legal Framework that administer/ govern Excise Duty?

- Excise Duty Act, 2015
- The Excise Duty (Excisable Goods Management System) Regulations, 2017
- The Excise Duty (Remission of Excise Duty) Regulations, 2017
- The Excise Duty Regulations, 2020
- The Tax Procedures Act, 2015

What is the nature of Excise duty?

- Excise duty is charged on excisable goods manufactured in or imported into Kenya and excisable services supplied in Kenya.
- It is a consumption tax
- Tax incidence largely borne by the consumer
- It has a direct effect on increase in the price of excised goods/services
- It is accounted for by the manufacturer of excisable goods or supplier of excisable services or importer of excisable goods.

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Who Pays Excise Duty?

- Licensed Manufacturer- in relation to excisable goods manufactured in Kenya.
- Importer of excisable goods.
- Licensed person supplying excisable services.

What are the items exempted from the Excise duty?

They include the following;

- Alcoholic or non-alcoholic beverages supplied to the Defence Forces Welfare Services (DFWS),
- Excisable goods imported or purchased in Kenya by a diplomatic or consular mission to the extent provided for under the Privileges and Immunities Act,
- Excisable goods purchased locally or imported by red cross or St John Ambulance for official use in the provision of relief services in Kenya
- Excisable goods exported under customs control, including as stores
- Excisable services exported from Kenya
- Excisable goods that the manufacturer has destroyed, with the prior written permission of the Commissioner
- Excisable goods that have been lost or destroyed by accident or other unavoidable cause.
- Neutral spirit imported or purchased locally by registered pharmaceutical manufacturers upon approval by the Commissioner.

What are the requirements for Licensing or Registration for Excise Duty?

The requirements for licensing for excise duty are stated in the checklists available on the KRA website.



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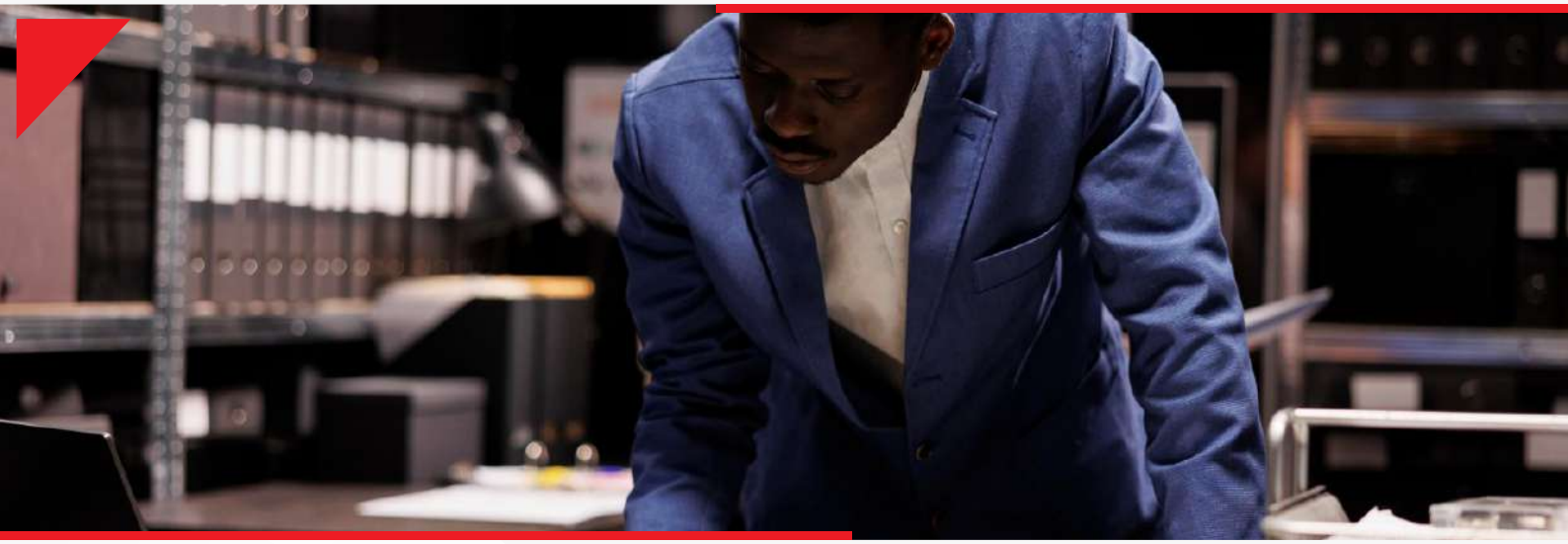
What is the procedure for Licensing and Registration of Excise?

For the license sought, download the applicable excise license checklist hosted on the KRA website;

- Ensure compliance with requirements in checklist and obtain required documents;
- Lodge an application on iTax via www.itax.kra.go.ke together with the relevant application fee and attach documents;

  The Finance Act 2026 (effective 1 July 2026) states that the Commissioner must consider an excise licence application within 14 days of receiving all the required documents (s.17 as amended).

- Successful applicants are issued with a license/registration on iTax.
- Where the application does not meet the requirements, the application is rejected and reasons given.
- Where the excisable good requires an excise stamp, the applicant is required to self-register on the Excisable Goods Management System and will be facilitated on how to affix, activate, order for excise stamps.



Is Excise Duty refundable?

Yes. Excise duty shall be refunded to the person who paid it, if excise duty has been paid in respect of;

- Goods that have been damaged or stolen during the voyage or transportation to Kenya;

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- Goods that have been damaged or destroyed while subject to excise control; Goods have been returned by the buyer in accordance with the contract of sale; or
- The excise duty has been paid in respect of spirits or illuminating kerosene that have been subsequently used by a licensed or registered manufacturer to manufacture un excisable goods.
- In case of bad debts after lapse of 3 years from the date of sale or the purchaser becoming legally insolvent whichever is earlier.

A licensed manufacturer can claim a refund of excise duty paid on inputs that were directly attributed to the manufacture of excisable goods supplied to the Defence Forces Welfare Services.

What is an excise stamp?

An excise stamp is a type of revenue stamp affixed to some excisable goods to indicate that the required excise has been paid by the manufacturer/Importer.



How does one get the excise stamps?

Excise stamps are issued by KRA to licensed persons whose excisable goods require a stamp. Applications for excise stamps are made through the **EGMS system**. However, a person can initiate the process at an **EGMS Service Desk** in the various KRA Tax Service Offices.



When are Excise returns filed?

An excise duty return shall be filed for each calendar month by the 20th day of the succeeding/ following month on iTax via www.itax.kra.go.ke

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What is the penalty for late filing?

1. Late Filing **penalty- 5%** of the amount of tax payable under the return or **Ksh. 10,000,** whichever is the higher.
2. Late Payment **Penalty- 5%** of the amount of tax not paid by due date.
3. Late Payment interest - **1% per montth**

What is the penalty for late filing?

Only aerated and flavoured waters attract excise duty.

Is Excise duty applicable to those in water refill business?

NO. Finance Act 2026 removed pure water from the list of excisable goods with exemption to aerated and flavoured water.

Is Excise duty applicable to those in water refill business?

The Finance Act, 2023 introduced payment of excise duty on betting and gaming by bookmaker within 24 hours from the closure of transactions of the day in respect to betting and gaming (Effective 1st July 2023)

Suspension of License

The law provides that the Commissioner shall issue a notice of not less than 14 days for suspension of Excise license. This is meant to allow sufficient time for the taxpayer to remedy the deficiencies.

When is the Payment of Excise Duty on Alcoholic beverages done?

The Finance Act, 2023 amended the Excise Duty Act, 2015 to provide that for licensed manufacturers of alcoholic beverages, excise duty shall be payable to the Commissioner within 24 hours upon removal of goods from stockroom/factory.

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Quality of Excise Stamps

Any stamp quality concern shall be reported to KRA through the email- egmshelp@kra.go.ke with relevant details. KRA has also developed a user guide on how to handle excise stamps with quality concerns. The guide includes steps on how to handle the following:

- Stamp quality incident reporting
- Verification of stamps with quality concern.
- Procedure to return stamps in EGMS
- Returning physical stamps to KRA.

Excisable Goods Management System (EGMS)

EGMS is KRA's Excisable Goods Management System that operates as a track and trace system used to account for excisable goods. Products are securely marked with either a secure paper stamp which is affixed to the product or a secure digital stamp which is printed directly on the product packaging.

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Self-Registration on EGMS

This is a new feature on the EGMS web application to allow taxpayers to be able to self-register their company and system users into the KRA EGMS system once they obtain an Excise License or Import Certificate. Upon registration, their details will be reviewed by a KRA officer and credentials automatically sent via the email provided by the taxpayer during registration. This feature is also integrated with iTax, where some primary details of the taxpayer are extracted from. The step by step process is available for download.

Manufacturers with excise licenses and Importers with import certificates are required to follow a step-by-step guide for EGMS processes. They can create users in the EGMS system by completing the EGMS external user creation form. They are then required to stamp, scan and submit the form via email to KRA on egmshelp@kra.go.ke

Ever Heard of the Soma Label App?

Soma label is a mobile application that supports EGMS. The application enables consumers to verify the authenticity of excise stamps affixed on products.

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EGMS Contacts Information: 0709012649 / 0709013504
Email: egmshelp@kra.go.ke, EGMS Help Desk, Times Tower Ground Floor.



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