



GUIDELINES ON LEVYING OF IDF AND RDL FROM APPROVED MANUFACTURERS AS PER SECTION 37 & 38 OF THE FINANCE ACT, 2019

Your attention is drawn to Sections 37 & 38 of the Finance Act, 2019 which provided for levying of IDF at 3.5% and RDL at 2% on customs value of imports.

The Act, in the same sections, further providing for preferential levying of IDF at the rate of 1.5% and RDL at the rate of 1.5% on the customs value on imported raw materials and intermediate products by approved manufacturers. It also granted the same preferential treatment to approved importers of inputs for construction of houses under Affordable Housing Scheme.

As a stop gap measures and in order to facilitate the collection of, and full accounting for the IDF & RDL as per Finance Act 2019, the Commissioner guides as follows

I: SIMBA/ACMS DECLARATIONS

The following procedure would be applicable:

1. Importer/Clearing agent to submit application to Commissioner of Customs & Border Control (Attach Bill of Lading; Invoice; Import Declaration Form; KEBS PVOC Exemption List – highlighting the imported inputs)
2. Exemptions Unit to vet qualification and capture a processing code exempting both IDF & RDL at 100%.
3. The customs release station to verify and confirm actual goods conform to the approved raw materials/intermediate inputs as per the approved list.
4. If the raw materials qualify, the customs release station to collect IDF & RDL both at 1.5% of the CIF value on F147, and capture report online before release of goods.
5. If the imported items do not qualify, the customs release station to collect IDF & RDL at the respective rates of 3.5% and 2% of the CIF value for non-qualifying items on F147
6. In addition, the following Customs Procedures Codes(CPC) will be applicable:

i. Simba/ACMS Declarations (Non-exemptions/Remissions)

Importer/Clearing agent to make customs declaration using CPC code **C408**, and make payment for any relevant taxes applicable as per declaration.

ii. Simba/ACMS Declarations (With Exemptions/Remissions)

Exemptions Unit to vet qualification and issue an exemption/processing code, exempting the specific tax(es), and both IDF & RDL at 100%.

Importer/Clearing agent to make customs declaration using the relevant CPC code (e.g. **C490, C492, C496**), and make payment for any relevant taxes applicable as per declaration

iii. Warehouse (Non-Remission/Non-Exemptions)

Importer/Clearing agent to make customs Ex-warehouse declaration using CPC code **C412**, and make payment for any relevant taxes applicable as per declaration.



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iv Ex-Warehouse(With Exemption/ Remission)

Importer/Clearing agent to make Customs Ex-warehouse declaration using the relevant CPC code (e.g. **C421, C422, C496, C492 or any other appropriate CPC**) and make payment for any relevant taxes applicable as per declaration.

II: ICMS DECLARATIONS

1. Importer/Clearing agent to submit online application in iCMS to Commissioner of Customs & Border Control (Attach Bill of Lading; Invoice; Import Declaration Form; KEBS PVOC Exemption List – highlighting the imported inputs).
2. Exemptions Unit to vet qualification of the imported goods, recommend and approve application to generate processing codes for purposes of customs entry declaration.

3. i. DIRECT IMPORTS

- a. **Non-exemption/ with no Remission:** In the application **DO NOT** select any tax head for exemption.

Importer/Clearing agent to make customs declaration using CPC code **IM408** which will compute both IDF & RDL at the rates of 1.5% of CIF value for each, and make payment for all relevant taxes applicable as per declaration

- b. **With Exemption/Remission:** In the application, **SELECT** the specific tax head for exemption/remission, as well as IDF & RDL.

Importer/Clearing agent to make customs declaration using the relevant CPC codes (e.g. **IM490, IM492, IM496**) which will exempt the specific tax head approved for exemption, and both IDF & RDL.

ii. ICMS EX-WAREHOUSE

- c. **Non Exemption/No Remission:**

Importer/Clearing agent to make customs declaration using CPC code **IM412** which will compute both IDF & RDL at the rates of 1.5% of CIF value for each, and make payment for all relevant taxes applicable as per declaration.

- d. **With Exemption/Remission:**

Importer/Clearing agent to make Ex-warehouse Customs Declaration using the relevant CPC codes (e.g. **IM421, IM422, and IM496 etc**) which will exempt the specific tax head approved for exemption, and both IDF & RDL.



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NOTE: For purposes of these guidelines, the list of approved manufacturers and their raw materials and intermediate products shall be the list of such raw materials and intermediate products approved by The Minister for Industrialization and utilized by the Kenya Bureau of Standards for purposes of Pre Export Verification of Conformity (PVOC) exemption.

The guidelines referenced herein shall be used in the interim as we await a comprehensive list of the raw materials and intermediate products from the National Treasury for configuration in the Customs clearance systems

IDF/RDL EXEMPTION PROCESS AND DOCUMENTS REQUIRED

SEA CARGO

The following documents will be required:

- Cover letter
- Bill of lading
- Invoice
- Import Declaration Form(IDF)
- PVOC Exemption List

The above documents will be submitted at the custom registry for onward forwarding to the exemption office.

An exemption letter will be issued containing the following among others:

- Exemption Code
- Importer is advised on the appropriate CPC code to use.

AIRFREIGHT CARGO

The following documents are uploaded in ICMS:

- Cover letter
- Bill of lading
- Invoice
- Import Declaration Form(IDF)
- PVOC Exemption List

An exemption application will be approved and an exemption code (quota number) automatically generated by the system.

CONTACT INFORMATION

For any clarification and further information, stakeholders may contact Nelly Okwach on nelly.okwach@kra.go.ke.

COMMISSIONER, CUSTOMS & BORDER CONTROL

