

REPUBLIC OF KENYA



**REPORT
OF
THE AUDITOR-GENERAL
ON
KENYA REVENUE AUTHORITY
FOR THE YEAR ENDED
30 JUNE, 2025**



KENYA REVENUE
AUTHORITY

OFFICE OF THE AUDITOR GENERAL
P.O. BOX 30084 - 00100, NAIROBI
RECORDS OFFICE

16 DEC 2025

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**ANNUAL REPORT &
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2025**

*Prepared in accordance with the Accrual Basis of Accounting
method under the
International Public Sector Accounting Standards (IPSAS).*

Tulipe Ushuru Tujitegemee!

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1. Acronyms and Definitions of Key Terms

| | |
|-------|--|
| CG | Commissioner General |
| IPSAS | International Public Sector Accounting Standards |
| NT | National Treasury |
| OAG | Office of the Auditor General |
| OSHA | Occupational Safety and Health Act of 2007 |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| SAGAs | Semi-Autonomous Government Agencies |
| SC | State Corporations |
| WB | World Bank |
| BSTEM | Business Strategy, Technology and Enterprise Modernization |
| LMT | Large and Medium Taxpayers |
| MST | Micro and Small Taxpayers |
| KESRA | Kenya School of Revenue Administration |

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2. Key Information and Management

(a) Background Information

Kenya Revenue Authority (KRA) is a statutory body established by an Act of Parliament, KRA Act Cap 469 of 1995.

(b) Principal Activities

The Authority's objectives are the assessment and collection of revenue, administration, enforcement of laws relating to and accounting for revenue collected under the Act.

MISSION To enhance mobilisation of government revenue and to facilitate growth in economic activities and trade by ensuring compliance with tax and customs laws.

VISION A Globally Trusted Revenue Agency Facilitating Tax and Customs Compliance.

CORE VALUES

- Trustworthy
- Ethical
- Competent
- Helpful
- Innovative
- Simple

(c) Key Management

The Authority's day-to-day management is under the following key organs;

- Office of the Commissioner General,
- Large and Medium Taxpayer Department
- Micro and Small Taxpayer Department
- Customs & Border Control Department,
- Shared Services Department,
- Investigations and Enforcement Department,
- Business Strategy, Technology and Enterprise Modernization
- Legal and Board Services Department,
- Kenya School of Revenue Administration (KESRA)

(d) Fiduciary Management

The key management personnel who held office during the financial period ended 30th June 2025 and who had direct fiduciary responsibility were:

- Commissioner General
- Large and Medium Taxpayer
- Medium and Small Taxpayers
- Customs and Border Control
- Shared Services

**Humphrey Wattanga
Rispah Simiyu
George Obell
Lillian Nyawanda
Nancy Ng'etich**

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- Investigations and Enforcement
- Investigations and Enforcement
- Business Strategy, Technology and Enterprise Modernization
- Legal and Board Services
- Kenya School of Revenue Administration (KESRA)
- Finance and Budgeting Division
- Supply Chain Management Division

**David Yego
Levi Mukhweso
Alex Mwangi
Paul Matuku
Fred Mugambi
Josephat Omondi.
Benson Kiruja.**

(e) Fiduciary Oversight Arrangements

1. Human Resources Committee

The Committee:

1.1 Oversees:

- (a) Implementation of Human Resources Instruments as approved by the Board and the relevant Authorities;
- (b) First level interviews for Senior Management and recommend to the Board appropriate Candidates for final interviews;
- (c) Implementation of the Human Resources Annual Work Plan and
- (d) Implementation of the Board of Directors Performance Contract.

1.2 Reviews and recommends to the Board for approval:

- (a) Human Resources policies, Management proposals on changes in the organizational structures as provided for in the KRA Act,
- (b) Mitigation strategies to address potential workforce productivity risks and Board of Directors Performance Contract,
- (c) Quarterly Self-assessments and National Treasury Annual assessments.

1.3 Reviews and recommends to the Board on the status of:

- (a) Human Resources Demographics and Diversity,
- (b) Staff Establishments, Exits and Recruitments,
- (c) Staff Training and Capacity Development,
- (d) Employee Welfare and Discipline Management and Employee Performance Management.

2. Finance, Administration and Procurement Committee

The Committee:

2.1 Reviews and recommends to the Board for approval statutory financial statements prior to submission to statutory bodies.

2.2 Receives financial reports for consideration and recommendation to the Board for information or approval.

2.3 Provides oversight on:

- (a) Assets management for optimal utilization;
- (b) Work environment for improved staff and customer satisfaction;
- (c) Facilities management for provision and maintenance of good working tools and environment and

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(d) Security and safety reports to ensure a secure and safe working environment.

2.4 Offers oversight on procurement and disposal matters.

3. Board Audit Committee

The Committee:

- 3.1 Provides assurance to the Board regarding the quality and reliability of both financial and operating information.
- 3.2 Receives reports on the audit work plan and activities of both the internal and external auditors.
- 3.3 Reviews the effectiveness of the Internal Audit function, including compliance with Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.
- 3.4 Reviews the effectiveness of the system monitoring compliance with Laws and Regulations, approved Procedures, Guidelines and Instructions of the Board of Directors and the results of Management's investigation and follow up (including disciplinary action) of any instances of non-compliance.

4. Revenue, Strategy and Technology Committee

The Committee:

- 4.1 Reviews, guides the development and monitor the implementation of corporate Strategic Plan and recommend to the Board for approval.
- 4.2 Monitors implementation of research agenda and innovation outcomes and recommend to the Board for approval.
- 4.3 Reviews and offer guidance on matters related to tax administration and collection of revenue.
- 4.4 Review and provide guidance and oversight on ICT policies and strategies and optimization of ICT in revenue collection and administration.
- 4.5 Advises the Board on the Authority's on the overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and current risk exposures of the Authority and future risk strategy.
- 4.6 Reviews the Authority's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used and approve the parameters used in these measures and the methodology adopted; the Authority's capability to identify and manage new risk types and reports on any material breaches of risk limits and the adequacy of proposed action.

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(f) Headquarters

Times Tower Building,
Haile Selassie Avenue,
P.O. Box 48240 – 00100, Nairobi, Kenya.

(g) Contacts

Telephone (254) 020-310900, 2810000, 315553
Email callcentre@kra.go.ke, cic@kra.go.ke
Website www.kra.go.ke

(h) Bankers

National Bank of Kenya Limited,
Harambee Avenue Branch,
P.O. Box 41862-00100 Nairobi, Kenya.

Kenya Commercial Bank Limited,
Haile Selassie Branch,
P.O. Box 58992-00200 Nairobi, Kenya.

Cooperative Bank of Kenya Limited,
Co-Op House Branch,
P.O. Box 67881-00200 Nairobi, Kenya.

Housing Finance Group,
Rehani House,
P.O. Box 30088-00100 Nairobi, Kenya.

(i) Independent Auditors

Auditor General,
Office of the Auditor General,
Anniversary Towers, University Way,
P.O. Box 30084,
GOP 00100,
Nairobi, Kenya.

(j) Principal Legal Advisor

The Attorney General,
State Law Office,
Harambee Avenue,
P.O. Box 40112,
City Square 00200,
Nairobi, Kenya.

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3. Board of Directors

1. Anthony Ng'ang'a Mwaura, CBS



Independent Board Chairman

Mr. Anthony Ng'ang'a Mwaura is the Chairman of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed as the Chairman of the Board on 17th November, 2022 for a term of three (3) years. His appointment was revoked on 20th December, 2024.

Mr. Mwaura is a dynamic professional with vast experience in Strategy, Vision & Mission Planning; Sales & Marketing Leadership; Profitability & Cost Analysis; Programs, Services & Products Billing; Debt Recovery & Cash Management; Contract Negotiations & Strategic Alliances; Finance, Budgeting & Costs Management; Public Relations & Media Affairs; Policy & Products Development; Government Regulations & Relations; Team Building & Performance Improvement and Human Resources Management. He is an experienced manager, team player and problem-solver with keen attention to customer needs and details.

Mr. Mwaura is an Educationist with vast experience in Managing Learning Institutions. He holds a Bachelor of Education Degree from the Kisii University and a Diploma in Business Management from the Kenya Institute of Management.

2. Hon. Ndiritu Muriithi



Independent Board Chairman

Hon. Ndiritu Muriithi is the Chairman of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed as the Chairman of the Board on 20th December, 2024 for a term of three (3) years.

Hon. Ndiritu is the Managing Partner of Ecocapp Capital, and Regulatory Affairs Advisor at Metropol Corporation. He has 33 years of professional and leadership experience. He spent 14 years in the private sector, mostly with International Finance Corporation (IFC), working on financial and capital market development, both in Kenya and on the African Continent. Elected Laikipia West MP, 2007-2013, he was appointed Assistant Minister for Industrialization. He served as a Senior Advisor on Audio-Visual & Cinema for Government of Kenya, the Pan African Federation of Filmmakers and the African Union, 2015-2017, before being elected Governor of Laikipia County, 2017-2022.

He was instrumental in the very early development of Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) Corridor program, leading non-deal roadshows to Wall Street, Singapore and South Africa. As Governor, he structured the Laikipia County Infrastructure bond, Nanyuki Bulk Water, Laikipia Beef SPV, as well as County equipment leasing. He leads Ecocapp's public finance practice, currently advising seven counties. Some of his most recent clients include the Malawi Parliament and Sri Lanka Parliament on improving oversight of public debt.

He is the co-convenor of the Africa Credit Rating Conference (<https://creditrating.africa>), that has just concluded in Nairobi at end of October. The second instalment is slated for Cape Town end of May, 2025.

He has made major contributions to economic thought, policy and leadership development. He has designed, resourced and managed implementation of financial sector improvement programs, economic stimulus initiatives, and provided technical assistance to both private companies and governments. He is a well-known political leader both at sub-national and national level, with demonstrable, proven results creating jobs, increasing incomes and improving peoples' lives.

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He has lived, studied and worked in Kenya, Canada, Australia and South Africa. In addition, he has undertaken short-term assignments in Ethiopia, Rwanda, DRC, Tanzania, Uganda, Ghana, Burkina Faso, Mali, Togo, Cote d'Ivoire, Sweden, Switzerland, France, Italy, USA, Singapore, China, India, Malawi and Sri Lanka. A public finance expert, he writes a regular column on economics, for the Saturday Nation and Business Daily.

Hon. Ndiritu is a Public and Private Finance Expert with vast experience in Public Finance Management, resource mobilization, management of public debt, project management, capital market development and leadership. He holds a Masters degree in Project Management from the University of Technology, Sydney – Australia; Executive Management Certification from the Graduate School of Business, University of Cape Town and a Bachelor of Business Administration (Economics and Finance) degree from the St. Francis Xavier University, Canada.

3. Ashif Kassam, OGW



Independent Director

Mr. Ashif Kassam, OGW is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed on 12th June, 2023 for a term of three (3) years.

Mr. Kassam is the Founder and Executive Chairman of RSM Eastern Africa LLP. He is a professional accountant with a wealth of expertise and experience dating back to 1994. He specializes in audit and assurance, transaction advisory, corporate restructuring and family business consulting, helping organizations create and deliver value.

He is the Vice President of the Aga Khan Council for Kenya and Chairman of Jubilee Asset Management Limited. He has been a director of Jubilee Holding Ltd, a member of KEPSA's Governing Council and a Chair of its Finance Sector Board and Tax Taskforce, President of the Entrepreneurs Organization (EO) where he has been a member since 2014, and has served as a Director of Telkom Kenya Limited.

Mr. Kassam has represented Middle East and Africa on the International Audit and Assurance Standards Board (IAASB). He has also been a member on the ICPAK Council and has over twenty-five (25) years of service on various committees including Public Finance, Financial Services and Professional Standards.

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He is a fellow member of Institute of Certified Public Accountants of Kenya (ICPAK), a fellow member of Association of Chartered Certified Accountants, UK (ACCA), a practicing member of Institute of Certified Public Accountants of Uganda (ICPAU), a member of the National Board of Accountants and Auditors in Tanzania (NBAA), and a member of Chartered Institute of Arbitrators, UK (MCIArb).

Mr. Kassam is the Chairperson of the Revenue, Strategy and Technology Committee and a Member of the Kenya Revenue Authority Staff Pension Scheme (KRASPS) Board of Trustees and a Chair of its Investment and Finance Committee.

4. Lydia Rono



Independent Director

Ms. Lydia Rono is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed on 15th December, 2023 for a term ending on 12th January, 2026.

She has a Master of Business Administration (Finance) from the University of Nairobi and a Bachelor of Commerce from Daystar University. She is also a Certified Executive Leadership Coach and has earned multiple certifications in banking, finance, and leadership.

Professional affiliations include memberships in Kenya Institute of Bankers and Kenya Institute of Directors.

Ms. Lydia Rono is a seasoned executive with over thirty (30) years of extensive experience in the banking industry, specializing in corporate and institutional banking. She currently holds the position of Group Director, Corporate & Institutional Banking Division, at Co-operative Bank of Kenya, where she leads multiple departments including Corporate Banking, Mortgage Finance, and E-commerce, overseeing a team of over one hundred (100) professionals.

Her career is marked by her strategic leadership in enhancing operational efficiencies, increasing deposits, and spearheading sales strategies that significantly grow the bank's asset base. Her tenure as Group Director of Operations saw her leading two hundred and fifty (250) staff, digitizing operations, and maintaining strict compliance with regulatory standards. Her governance roles are equally notable.

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As a Board Member and Chairperson at the Kenya Revenue Authority's Finance, Administration and Procurement Committee, she oversees governance, operational efficiency, and strategic policy implementations. She also holds significant trustee and board member roles in several Real Estate Investment Trusts and CIC Insurance Group, guiding financial and investment strategies to bolster organizational growth.

With a deep-rooted passion for leadership and development, Lydia is recognized for her ability to inspire teams, implement comprehensive strategies, and drive significant business advancements, making her a pivotal asset to the financial sector.

5. Hadi Sheikh Abdullahi



Independent Director

Mr. Hadi Sheikh Abdullahi is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed on 15th December, 2023 for a term ending on 12th January, 2026.

He holds a Bachelor of Arts Degree (Economics and Sociology) from Egerton University- Njoro, a Master of Business Administration Degree from Moi University – Eldoret and a post graduate diploma in Tax from the Kenya School of Revenue Administration (KeSRA). Furthermore, he has extensive knowledge in Tax Laws and is an expert in International/Regional Trade and Customs.

Currently, Mr. Hadi Sheikh Abdullahi is the Lead Consultant, Westminster Consulting Limited. Prior to this position, he worked at the Kenya Revenue Authority from 1996 upto 2020 rising through the ranks to the position of Chief Manager –Customs and International Tax Policy.

At Westminster Consulting Limited, he has advocated for trade issues pertaining to regional integration; provided his expert opinion on trade remedies, trade investment schemes (Export Promotion Zones, Special Economic Zones) including guidance on mode of operationalizing SEZs; trade policy and advisory on scenario planning including analysis of fiscal; non-fiscal measures and impacts on the Harmonised Commodity Coding System (HS codes), rules of origin criteria, business trend analysis, and cross border trade, amongst others.

He is the Chairperson of the Board Audit Committee and a Member of the Human Resources Committee and the Revenue, Strategy and Technology Committee.

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6. Richard Boro Ndung'u



Independent Director

Mr. Richard Boro Ndung'u is a Member of the Board of Directors of the Kenya Revenue Authority (KRA). He was appointed on 15th December, 2023 for a term ending on 12th January, 2026.

He holds a Bachelor of Commerce (Accounting Option) (Honours) from the University of Nairobi.

Mr. Richard Boro Ndung'u currently serves on various private boards and in family-owned enterprises. He is also a Certified Executive Leadership Coach (CELC), and a member of the International Coaching Federation (ICF) Kenya Chapter and has successfully undergone corporate governance and leadership training undertaken by the Centre for Corporate Governance (CCG). He has previously served as the first Kenyan Chief Executive Officer & Senior Partner of KPMG Kenya & East Africa and the Head of Tax at KPMG Kenya & East Africa.

Through his then membership of the Council of the Institute of Certified Public Accountants of Kenya (ICPAK), he served as a Founder Director in the previous Kenya Anti-Corruption Commission (KACC) Advisory Board, which subsequently gave way to the current Ethics and Anti-Corruption Commission (EACC), and he also served on the Board of the then Kenya College of Accountancy, and became one of the Founding Trustees that oversaw its transition and transformation into the current KCA University.

During his long career in Tax which began in 1989, he witnessed and actively participated in some of the momentous changes that have shaped Kenya's fiscal policy, legislation, regulation, and administration, including the celebrated establishment of the KRA itself in 1995.

Mr. Richard Boro Ndung'u was awarded a Fellowship of ICPAK for his committed and distinguished service to Kenya, ICPAK and to the accountancy profession.

He is the Chairperson of the Human Resources Committee and a member of the Board Audit Committee.

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7. Amolo Ng'weno



Independent Director

Ms. Amolo Ng'weno is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed on 15th December, 2023 for a term ending on 12th January, 2026. She resigned from her appointment in October, 2024.

She holds a Bachelor of Arts Degree (Psychology and Social Relations) from Harvard University, Cambridge, Massachusetts (USA) and a Master of Public Administration, Economics and Public Policy from the Princeton University, Princeton, New Jersey (USA). Furthermore, she has extensive experience in public, private and philanthropic sectors, specialist in innovation and technology entrepreneurship.

Currently, she is the Chief Executive Officer, BFA Global (Nairobi, Kenya and Boston, Massachusetts) since 2018, which specializes in financial and technical innovation for a more equitable and sustainable world. Prior to becoming the Chief Executive Officer of BFA Global, she was the East Africa Regional Director from 2015 to 2017.

Ms. Amolo Ng'weno has previously held the positions of Managing Director - Digital Divide Data Kenya Limited (Kenya, Tanzania and South Africa 2011-2015), Deputy Director - Financial Services for The Poor, Bill & Melinda Gates Foundation (Seattle, USA 2006-2011), Co-Founder and Board Director - Biashara.Biz Limited (Kenya 2001-2007), Chief Operations Officer - Trust for African Rock Art (Kenya 2004-2006), Co-Founder - Africa Online (Kenya and Cote d'Ivoire 1991-2001) and as an Economist for the World Bank (Washington DC, USA 1991-1995).

She serves as the Board Chair of GoSoft Integrated Services and has previously served as a Board member, GSMA Mobile for Development Foundation; Chair, Management Committee, Gui2de Center (Nairobi) of Georgetown University; Trustee, National Environmental Trust Fund and Board member of the Zimele Asset Management Company Limited.

Ms. Amolo Ng'weno has authored several publications on inclusive finance and the lives of low income people, pioneering mobile money service (M-PESA) and savings groups in Kenya.

She was the Chairperson of the Kenya Revenue Authority Staff Pension Scheme (KRASPS) Board of Trustees and a Member of the Revenue, Strategy and Technology Committee.

8. Humphrey Mulongo Wattanga



Commissioner General

Mr. Humphrey Wattanga was appointed the Commissioner General of Kenya Revenue Authority (KRA) on 22nd August 2023. Prior to his appointment, he was the Managing Director of Meghraj Capital Group, the investment banking advisory arm of the Meghraj Group and an international firm founded by Meghji Pethraj Shah (MP Shah). In this role, he provided strategic leadership on mergers, acquisitions, partnerships and joint ventures, equity and debt raising and cross-border investments for markets in East Africa, India and Japan. Before joining Meghraj Group, Mr. Wattanga served a six-year term as Commissioner and Vice Chair of the Commission on Revenue Allocation (CRA) until December 2022.

Mr. Wattanga is a corporate finance professional with over 20 years of international experience in mobilizing capital and structuring financial transactions in the public and private sectors. He has also been keen on application of technology to increase efficiency in organisations. Mr. Wattanga began his career in the United States, working for the largest telecommunications company (AT&T) before relocating to South Africa for a decade as a Senior Partner of AFCORP Investments limited, a specialist corporate finance and transaction advisory firm undertaking and structuring capital raising transactions across the continent.

Mr. Wattanga played a key role in the conceptualization, design, development and implementation of a groundbreaking mobile gateway platform that linked Kenya's mobile money platforms to the Nairobi Securities Exchange, which was used to launch the M-Akiba bond. At CRA, he led the performance review of numerous county revenue collection systems and guided a multi-agency effort to specify and develop a Single Integrated County Revenue Management System. Mr. Wattanga has served as a member of the investment committee of Kenya Climate Ventures (KCV), a pioneering climate-smart investment platform that supports small and medium-sized enterprises. He is a Platinum member of the Kenya Institute of Bankers.

Mr. Wattanga holds a Master of Business Administration in Information Systems Strategy and Economics from the Wharton School of Business (University of Pennsylvania) and is an alumnus of Harvard University where he graduated cum laude with a Bachelors in Biochemical Sciences.

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**9. Hon Dorcas Agik Oduor, SC, OGW, EBS.
Attorney General**



Hon. Dorcas A. Oduor, is the Attorney General of the Republic of Kenya.

Before her appointment, she had an extensive career in public serving in the Office of Secretary Public Prosecution.

She attained her Bachelor of Laws (LLB) degree from the University of Nairobi and holds a post graduate Diploma in Law from the Kenya School of Law. She also holds a Masters of Arts Degree in International Conflict Management from the University of Nairobi.

She is an advocate of the High Court of Kenya with over thirty (30) years' experience in legal practice and a member of the Senior Counsel and Bar Advocate.

She previously served in the office of The Director of Public Prosecution in the capacity of Secretary Public Prosecutions. Before then she served as the Deputy Director Public Prosecution –Head of Economic, International and Emerging Crimes Department.

She has also served in various Presidential assignments including; Commission of Inquiry Taskforces and Tribunal established to investigate the conduct of Judges.

10. Mr. Waigi Kamau

Alternate Director to the Attorney General



Mr. Waigi Kamau is a Chief State Counsel, currently heading the Commercial, Tax and Arbitration Section in the Office of the Attorney-General.

He holds a Bachelor of Arts in Economics (Honours) degree, a Bachelor of Laws (LLB) Degree and a Post Graduate Diploma in Law from the Kenya School of Law. He is an advocate of the

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High Court of Kenya in good standing with over twenty-two years post admission experience. He is a member of the Chartered Institute of Arbitrators and is also a Certified Public Secretary (CPS-K).

He has previously served as Regional Head – Office of the Attorney-General (Coast Region). He also served as Deputy Head - Host Country and Consular Affairs, Ministry of Foreign Affairs.

He has vast experience in varied areas of Law including Commercial law, employment law, administrative law, tax law, constitutional law, land law, tortious claims and environmental law acquired in his many years of active practice before both local and international courts and tribunals.

11. Hon. Shadrack J. Mose, CBS

Alternate Director to the Attorney General



Hon. Shadrack J. Mose CBS, is the current Solicitor General of the Republic of Kenya, having assumed Office on 20th March, 2023.

He is the chief assistant to the Honourable the Attorney-General, in the performance of the Attorney-General's duties as the principal legal advisor to the Government. Further, he is responsible for organising, co-ordinating and managing the administrative and legal functions of the Office; supervising all court cases; and overseeing the formulation and implementation of development strategies for Government Legal Services.

Hon. Mose is an Advocate of the High Court of Kenya with over thirty three years' experience in legal practice. He holds a Bachelor of Laws (LL.B) degree from the University of Nairobi and a Post-Graduate Diploma in Law from the Kenya School of Law.

In the course of his legal career, he has engaged in various areas of practice, including complex commercial transactions and dispute resolution. His devotion to justice and commitment to providing quality representation to every client has also seen him actively engage in public interest litigation in various matters over the years.

Furthermore, he is a dedicated public servant who served as the Member of the National Assembly for Kitutu Masaba Constituency in the 12th Parliament of Kenya, between the years 2017 and 2022. As a Member of the National Assembly, he served as a member of the House Business Committee

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and the Departmental Committee on Transport, Infrastructure, Public Works, Housing, Urban Development, Shipping and Maritime.

**12. Mr. Lawrence Kibet, Ebs
Alternate Director to the Principal Secretary, The National Treasury**



Mr Lawrence Kibet, EBS was appointed to the KRA Board of Directors on 31st July, 2023 as the alternate to the Principal Secretary – The National Treasury.

He is currently the Director General, Public Investments and Portfolio Management. Prior to joining the National Treasury, he was the Chief Executive Officer of Image Registrars Limited. He is a seasoned professional with strong and successful experience in General Management, Commercial and Business Strategy, Accounting and Finance Management, Corporate Governance, Capital Raising, Commercial Law Practice, Project Management and Innovation Management.

His overall exposure cuts across several sectors-including Finance and Banking, Energy and Petroleum, Telecommunications and Technology, Logistics, Consumer Products, Banking, Agriculture, Mining, Manufacturing, and Commercial services-and in numerous markets across Africa.

Mr Kibet holds a Bachelor of Commerce Degree (Finance Option), Masters of Business Administration (MBA), Bachelor of Laws Degree (LLB) all from the University of Nairobi. He is a Master's Degree finalist in Public Policy and Management (MPPM) from Strathmore University with an exposure to the international module from New York University, Wagner School of Public Service.

He is a Member of Institute of Certified Public Accountants of Kenya (ICPAK), Certified Public Secretaries of Kenya (ICPSK), Member of the Law Society of Kenya (LSK) and Member of Investor Relations Society (UK).

His current responsibility at the National Treasury, entails coordinating, managing and providing leadership in Government investments and public enterprises, assets and liabilities in Government, public investment management and Government pensions.

4. Management Team

1. Commissioner General – Mr. Humphrey Mulongo Wattanga



Mr. Humphrey Wattanga was appointed the Commissioner General of Kenya Revenue Authority (KRA) on 22nd August 2023. Prior to his appointment, he was the Managing Director of Meghraj Capital Group, the investment banking advisory arm of the Meghraj Group and an international firm founded by Meghji Pethraj Shah (MP Shah). In this role, he provided strategic leadership on mergers, acquisitions, partnerships and joint ventures, equity and debt raising and cross-border investments for markets in East Africa, India and Japan. Before joining Meghraj Group, Mr. Wattanga served a six-year term as Commissioner and Vice Chair of the Commission on Revenue Allocation (CRA) until December 2022.

Mr. Wattanga is a corporate finance professional with over 20 years of international experience in mobilizing capital and structuring financial transactions in the public and private sectors. He has also been keen on application of technology to increase efficiency in organisations. Mr. Wattanga began his career in the United States, working for the largest telecommunications company (AT&T) before relocating to South Africa for a decade as a Senior Partner of AFCORP Investments limited, a specialist corporate finance and transaction advisory firm undertaking and structuring capital raising transactions across the continent.

Mr. Wattanga played a key role in the conceptualization, design, development and implementation of a groundbreaking mobile gateway platform that linked Kenya's mobile money platforms to the Nairobi Securities Exchange, which was used to launch the M-Akiba bond. At CRA, he led the performance review of numerous county revenue collection systems and guided a multi-agency effort to specify and develop a Single Integrated County Revenue Management System. Mr. Wattanga has served as a member of the investment committee of Kenya Climate Ventures (KCV), a pioneering climate-smart investment platform that supports small and medium-sized enterprises. He is a Platinum member of the Kenya Institute of Bankers.

Mr. Wattanga holds a Master of Business Administration in Information Systems Strategy and Economics from the Wharton School of Business (University of Pennsylvania) and is an alumnus of Harvard University where he graduated cum laude with a Bachelors in Biochemical Sciences.

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2. Commissioner – Large and Medium Taxpayers

FCCA CS Rispah Simiyu (Mrs) Advocate, EBS



Mrs. Rispah Simiyu was appointed Commissioner of Domestic Taxes with effect from 22nd October, 2020. Upon review of the Kenya Revenue Authority Organizational Structure, she is now the Commissioner of Large and Medium Taxpayers.

Prior to her appointment as Commissioner of Domestic Taxes, she served as the Deputy Commissioner in charge of the Tax Dispute Resolution Division.

She holds a Master of Laws degree with a bias in International Trade and Investment from the University of Nairobi, a Bachelor of Laws degree from the University of Dar-es-Salaam and a post-graduate Diploma in Law from Kenya School of Law. She has practiced and consulted on tax matters in Kenya, Tanzania and Uganda. She is a Fellow Chartered and Certified Accountant (FCCA), a member of the Law Society of Kenya, an Advocate of the High Court of Kenya, Notary Public, Commissioner for Oaths, Certified Public Secretary, a Certified Mediator (MTI) and a graduate of Strathmore University's Advanced Management Programme.

Mrs. Rispah Simiyu is a seasoned and grounded tax professional with over 23 years of experience. Before joining KRA in April 2018, she served as the Standard Chartered Bank Regional Tax Manager East Africa, where she also covered Transfer Pricing assignments in Africa, Middle East and Pakistan. While at the Bank, she served as a member of the Kenya Bankers Association (KBA) Finance and Audit Committee, and specifically as the Chairperson of the Tax Sub-Committee. She began her career at PricewaterhouseCoopers (PwC) in 2001.

She is a member of the Law Society of Kenya, Institute of Certified Public Accountants and Institute of Certified Secretaries.

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3. Commissioner – Customs and Border Control

Dr. Lillian Anyango Nyawanda



Dr. Lilian Anyango Nyawanda was appointed Commissioner, Customs & Border Control effective 15th April, 2021.

She re-joined the Kenya Revenue Authority in October, 2023 as Commissioner, Customs and Border Control Department (a position she previously held between April, 2021 and February, 2023), after a seven (7) month secondment to the National Treasury and Economic Planning Ministry, as an adviser to the Principal Secretary.

She holds a Bachelor of Commerce (Finance) degree from the University of Nairobi, Master of Business Administration (Strategic Management) degree from United States International University, a Master of Philosophy (Public Policy) degree from Walden University and a Doctor of Philosophy degree in Public Policy & Administration from Walden University.

Dr. Nyawanda has a broad wealth of experience in Customs and International Trade, within the East African Region and the African continent at large. She also has extensive experience in policy and legislation, having been part of various legislative reviews and changes. She has gained her experience from the public and private sectors as well as the academia.

During her tenure as the Commissioner, she led the Department in registering unprecedented revenue performance and spearheaded the advancement of technology in Customs, through roll-out and integration of Customs systems. She further oversaw the tightening of controls around Kenyan borders by strengthening the enforcement function, leading efforts to open additional border points as well as establishment of Inland Border Control Check points, to curb smuggling and illicit trade.

She is a high performer who started off her career in tax at KRA in 2003 as a graduate trainee. In 2009, she moved to Deloitte as a Senior Consultant for Customs and International Trade. Subsequently, she worked at EABL in various roles until 2019 when she moved to the Diageo Centre of Excellence to oversee customs governance, risk management and international trade operations across Africa.

She is a member of the National Society of Leadership and Success and a Member of the International Public Policy Association (IPPA). She was recently awarded a Lifetime Membership by the Golden Key International Honor Society.

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4. Commissioner – Legal and Board Services

CS Paul Muema Matuku, EBS



Mr. Paul Muema Matuku was appointed Commissioner, Legal Services and Board Coordination on 15th May, 2019 and re-appointed on 15th May, 2024. Upon review of the Kenya Revenue Authority Organizational Structure, he is now the Commissioner of Legal and Board Services.

He is a holder of a Bachelors Degree in Law (LLB) from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. He is a Fellow of the University of Sydney, Graduate School of Government: Extractive Industries: Effective Governance, Taxation and Financial Management.

He is a beneficiary of the Strategic Leadership Programme at the Kenya School of Government and alumni of Strathmore Business School – Advanced Management Program (Executive MBA equivalent). He is also a graduate of Kenya Revenue Authority Training Institute (KRATI), now Kenya School of Revenue Administration (KESRA) where in trained on Tax & Customs Administration. He is an Advocate of the High Court of Kenya, Notary Public and Commissioner for Oaths and a Certified Public Secretary.

Mr. Paul Muema Matuku joined the Kenya Revenue Authority in 1996 as a Graduate Trainee and rose through the ranks to be a Commissioner.

He has been instrumental in the development and management of dispute resolution mechanisms in KRA having overseen the take-over of the defense of KRA tax disputes cases from the Attorney General in the year 2000 and the development and roll out of a more robust Alternative Dispute Resolution mechanism in the year 2015. He also contributed to the promulgation of the National Energy Policy, 2018; Petroleum Act, 2019 and the Model Production Sharing Contract.

Mr. Paul Muema Matuku is the Secretary to the Kenya Revenue Authority Board.

He is a member of the Law Society of Kenya, the East African Law Society and the Institute of Certified Secretaries, Kenya.

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5. Commissioner – Investigations and Enforcement

Mr. David Yego



Mr. David K. S. Yego, was appointed Commissioner, Investigations, Enforcement, Intelligence and Strategic Operations Department on 23rd February, 2023 until the expiry of his Contract of Service on 22nd March, 2025. He has previously served as Commissioner, Investigations & Enforcement Department and Commissioner, Regional Coordination.

He is a holder of a Master's Degree in Business Administration (MBA) from the University of Nairobi and a Bachelor's Degree in Mathematics and Economics from Kenyatta University. He is also a Certified Public Accountant of Kenya (CPAK).

Mr. David K. S. Yego joined the Kenya Revenue Authority in 1996 as a Graduate Trainee and rose through the ranks to be a Commissioner.

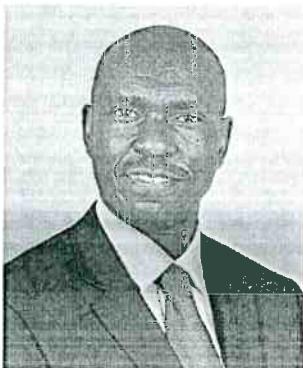
He has over fifteen (15) years' experience in senior management with roles in various Departments within the Kenya Revenue Authority with stint in the Internal Audit Division, Customs and Border Control Department and Commissioner General's office. He is instrumental in setting up the Intelligence Unit currently in the Office of the Commissioner General as well as the Prosecution Unit within the Investigations and Enforcement Department in alignment with the 10 OECD Global principles to ensure tax offenses are criminalised.

Mr. David K. S. Yego is a member of the Institute of Certified Public Accountants of Kenya.

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6. Acting Commissioner – Investigations and Enforcement

Mr. Levi Mukhweso



Mr. Levi Mukhweso was appointed Acting Commissioner, Investigations & Enforcement Department on the 24th March, 2025. Prior to his appointment, he served as Deputy Commissioner of Investigations.

He holds a Master's degree in Business Administration from the University of Nairobi, a Master's in Economics, and a Bachelor's degree in Economics from Shivaji University, India. He is pursuing a PhD in Global/Strategic Business Management at The Presbyterian University of East Africa (PUEA).

Mr. Levi Mukhweso joined the Authority in 1994 from the private sector and has grown through the ranks in Kenya Revenue Authority from a tax assessor trainee to the current position of Ag. Commissioner of the Investigations and Enforcement Department.

He is a well-versed tax professional with over thirty (30) years of experience in the Kenya Revenue Authority, having served in various senior management roles. He has had a stint in the Investigations and Enforcement Department as a Chief Manager in both customs and domestic tax Investigations, the Kenya School of Revenue Administration (KESRA) Mombasa and Nairobi Campuses as the Chief Manager/Principal, Domestic Taxes Department as Senior Assistant Commissioner Policy and Strategy (Real Estate), Support Services Department as Senior Assistant Commissioner, Quality Management Programme (QMP) and Senior Assistant Commissioner, Projects Office and the Large Taxpayer Department as Assistant Commissioner, Audit.

Mr. Mukhweso has served as Council Member of the Agricultural Society of Kenya (ASK), Trustee of the Professional Trainers Association of Kenya (PTAK), Trainer, Accredited trainer for the Centre for Parliamentary Studies and Training (CPST), and the Eastern and Southern African Management Institute (ESAMI), Auditor, Lead Auditor, Lecturer, and Chairman to several Sub-Committees in various Boards including Nairobi International Trade Fair where he served as Chairman in various Sub-committees and currently he is the Chief Steward (Deputy Chairman) Nairobi International Trade Fair. He is a long-serving member of the Impala Club Disciplinary Committee.

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He steered the Kenya Revenue Authority to achieve the coveted ISO 9001:2000 Certification. He pioneered and significantly contributed to setting up the Large Taxpayers Office (LTO), the Regional Audit Centres (RAC), the Compliance and Verifications Unit in VAT, and the Real Estate Office.

Mr. Mukhwesu is an Associate Member of the Association of Certified Fraud Examiners (ACFE), a Member of the International Register of Certification Auditors (IRCA), a Member of APMG – International PM4 (Project Management), a Member of the Professional Trainers Association of Kenya and a life governor of the Agricultural Society of Kenya (ASK).

7. Acting Commissioner – Medium and Small Taxpayers

Mr. George Obell, MBS



Mr. George Obell was appointed Acting Commissioner, Micro and Small Taxpayers on 20th February, 2025. Prior to this, he served as the Deputy Commissioner for the Medium Taxpayers Office (MTO) from November, 2020.

Before his tenure in the MTO, Mr. Obell held key leadership roles within KRA, including Deputy Commissioner for the East and South of Nairobi Tax Service Office (May 2019 - October 2020) and Deputy Commissioner for the Large Taxpayers Office (June 2018 - April 2019). Joining KRA in 1996, he has steadily advanced through the ranks, bringing a wealth of experience and expertise to his current leadership role.

In addition to his role at KRA, Mr. Obell has earned recognition in the international tax arena. He currently serves as the Chair of the Value Added Tax (VAT) Technical Committee for the African Tax Administration Forum (ATAF) and previously chaired the Cross-Border Taxation Committee. His expertise has also been recognized globally, having been appointed by the UN Secretary-General as a member of the United Nations Committee of Experts on International Cooperation in Tax Matters. In this capacity, he contributed to the development of international frameworks for tax cooperation.

Mr. Obell is a seasoned expert with over 28 years' experience in various aspects of taxation, including strategy, policy development, and international tax compliance. His areas of expertise encompass digital taxation, transfer pricing, Base Erosion and Profit Shifting (BEPS), tax audits, and the Exchange of Information (EoI) for tax matters.

He holds a Master of Business Administration (MBA) and a Bachelor of Laws (LL.B.) from the University of Nairobi, as well as a Bachelor of Science in Accounting from the United States

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International University-Africa (USIU-Africa). Additionally, he is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

8. Commissioner – Kenya School of Revenue Administration

Dr. Fred Mugambi Mwirigi



Dr. Mugambi Mwirigi was appointed as Head of the Kenya School of Revenue Administration (KESRA) with effect from 15th May, 2019 and re-appointed on 15th May, 2024. He has previously served as the Deputy Commissioner in charge of Academic and Students Affairs at KESRA.

He holds a PhD. in Entrepreneurship, a Master of Science degree in Entrepreneurship, a Bachelor of Business Administration (1st class honors) degree and a Diploma in Small Enterprise Management attained from Galilee International Management College, Israel. He is also a graduate of the Advanced Management Program from Strathmore University. Dr. Mugambi has also been trained in various areas in South Africa, China and Bangladesh.

Prior to joining KRA, Dr. Mugambi was the founding Director of the Mombasa Campus of The Jomo Kenyatta University of Agriculture and Technology (JKUAT) where he was the Director for 7 years. Overall, he taught at JKUAT for 11 years and rose to the level of Senior Lecturer. While at JKUAT he was also the Chairman of the Nairobi Industrial Park the initiative that gave rise to a bid by the University to assemble laptops for the government. Prior to joining JKUAT he taught at Kenya Methodist University and also worked at Kenindia Assurance Company.

He sits in various boards and committees. He currently sits on the African Tax Administration Forum (ATAF), Advisory Board of the African tax Research Network (ATRN). He has in the past served as the chairman of the Board Recruitment Committee for the Technical and Vocational Education and Training Authority (TVETA) under the Ministry of Education. Dr. Mugambi is also a member of Rotary International where he is involved in various philanthropic activities.

In the past, Dr. Mugambi has conducted Consultancy and training tasks for many national and international organizations including JICA, Ministry of Industrialization, Consumer International, FAULU Kenya, East African Breweries Limited, GIZ, Adam Smith International, Kenya Education Staff Institute, Kenya Coconut Development Authority and Githunguri Dairy Farmers Cooperative Society, among others in 6 countries.

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9. Acting Commissioner – Shared Services

Nancy Ng'etich, MBS



Ms. Nancy Ng'etich was appointed Acting Commissioner, Corporate Support Services on 23rd February, 2023. Upon review of the Kenya Revenue Authority Organizational Structure, she is now the Commissioner of Shared Services.

She holds a Master's Degree in Business Administration, Strategic Management from Kenyatta University, a Bachelor's degree in Law from Moi University, postgraduate Diploma in Law from the Kenya School of Law, Senior Leadership training from Commonwealth Administration of Tax Administration (CATA) and Strathmore Business School (SBS).

Ms. Nancy Ng'etich joined Kenya Revenue Authority as a Graduate Trainee and has risen through the ranks to the position of Deputy Commissioner in Customs and Border Control. She has also served at Ernest & Young LLP as a Senior Manager Customs and Tax Advisory consulting.

She is a legal tax administrator in International Global Trade and Customs Laws. She has been instrumental in the Customs Reforms & Modernization Agenda, Process Re-engineering, Border Coordination Management, Implementation of One Stop Border Posts and Operationalization of Authorized Economic Operator. While at Customs and Border Control, she represented the Department at the National Treasury as a Customs Tax expert in the National Budget making process, Policy formulation and implementation of tax laws and fiscal measures.

Regionally, she was the Kenya Customs representative in the National Working Group involved in the formulation of the African Continental Free Trade Agreement Protocol on Trade in Goods, Intellectual property rights, Competition Policy and Rules and Procedures on the Settlement of Disputes. She has also been the Customs team lead at the East African Community (EAC) level in the formulation and implementation of the EAC Customs laws and Regulations.

Ms. Nancy Ng'etich is an Advocate of the High Court of Kenya and a member of the Law Society of Kenya, the Institute of Certified Public Secretaries and the Kenya Institute of Management.

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10. Acting Commissioner, Business Strategy, Technology and Enterprise Modernization

Mr. Alex Mwangi



Mr. Alex Mwangi was appointed Acting Commissioner, Strategy, Innovation and Risk Management on 4th September, 2023. Upon review of the Kenya Revenue Authority Organizational Structure, he is now the Commissioner of Business Strategy, Technology and Enterprise Modernization.

He holds a Bachelor's degree in Statistics from University of Nairobi and a Master's degree in Statistics from the same University. He has attended various local and international training programmes including Tax Policy and Administration at the National Tax College in Japan.

Mr. Alex Mwangi joined Kenya Revenue Authority on 14th January 2002 as a Graduate Trainee and has risen through the ranks to the position of Deputy Commissioner, Research, Knowledge Management and Corporate Planning.

Regionally, he has represented the Authority in international engagements including East African Revenue Authorities Technical Committee; development of African Tax Outlook by African Tax Administration Forum; Revenue Statistics in African by OECD; International Survey on Revenue Administration (ISORA); by International Monetary Fund (IMF) and formulation of Medium Term Revenue Strategy for Kenya.

5. Chairman's Statement for the Financial Year 2024/2025

Foreword

I am honoured to present the Kenya Revenue Authority (KRA) Annual Report and Financial Statements for FY 2024/25, marking the first year of our **Ninth Corporate Plan (2024/25–2028/29)**. Under the theme *“Unlock and Tap the Full Revenue Potential through Technology Transformation, Service Excellence and Integrity,”* we aim to expand the tax base, explore new revenue streams, and promote equitable contribution across all sectors.

Aligned with Vision 2030, the Bottom-Up Economic Transformation Agenda (BETA), and the Fourth Medium Term Plan, KRA's strategic focus remains on enhancing revenue collection, improving customer satisfaction, digitising revenue administration, and strengthening human capital.

Kenya's Economic Performance

Kenya's economy grew by 4.7% in 2024, a slowdown from 5.7% in 2023, impacted by adverse weather and global shocks. Key growth drivers included: financial and insurance activities (7.6%), agriculture (4.6%), and real estate (5.3%).

Inflation eased to 5.6% from 6.2% the previous year, while the current account deficit narrowed to 1.8% of GDP, supported by higher remittances and reduced trade gaps. However, global disruptions (e.g., Russia-Ukraine war, Red Sea shipping challenges) escalated import costs and exchange rate pressures.

Global Economy

Global GDP grew by 3.2% in 2024, slightly below the 3.3% recorded in 2023. Sub-Saharan Africa grew by 3.8%, and the East African Community by 5.4%. Slower growth was attributed to geopolitical tensions, high interest rates, and climate-related disruptions. While advanced economies maintained moderate growth at 1.7% due to strong domestic demand, growth in emerging and developing economies fell to 4.2% due to commodity and shipping challenges.

Revenue Performance

KRA collected a net of **Kshs. 2.572 trillion** in FY 2024/25 surpassing the target of **Kshs. 2.555 trillion**, reflecting a performance rate of **100.6%** and a revenue growth of **6.8%** over FY 2023/24. Exchequer revenue amounted to Kshs. 2.323 trillion, representing 99.0% performance, while agency revenue reached Kshs. 248.28 billion against a target of Kshs. 207.81 billion, achieving 119.5% performance and 34.9% growth.

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Revenue Performance Drivers

The Authority's strong revenue performance this year was achieved through strategic reforms and innovative approaches to revenue mobilization. Key among these were our successful digital transformation and compliance enhancement initiatives. The rollout of eTIMS and upgraded iCMS systems strengthened real-time transaction monitoring and customs efficiency, while our expanded data analytics capabilities improved tax base visibility.

Strategic measures including the rental income tax system and betting sector integration contributed significantly to revenue growth. Through targeted taxpayer education and robust enforcement, we achieved higher voluntary compliance rates. Our new border facilitation centers further supported trade while ensuring proper revenue collection.

These technological and operational advancements demonstrate KRA's commitment to building a modern, efficient tax administration that supports Kenya's economic growth.

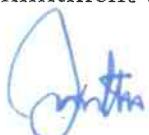
KRA's Strategic Outlook

Building on Kenya's projected economic growth of 4.5-5.3% in 2025, KRA is positioned to strengthen revenue mobilization through our ongoing transformation initiatives. The improving macroeconomic environment, coupled with our enhanced digital capabilities creates favorable conditions for expanding the tax base and improving compliance rates.

While remaining vigilant of risks from global economic uncertainties and domestic fiscal constraints, KRA's Ninth Corporate Plan prioritizes technology transformation and service excellence to enhance operational efficiency. Through continued innovation and stakeholder engagement, we are committed to achieving our revenue targets while supporting Kenya's fiscal sustainability and fostering an environment conducive to investment and economic growth.

Appreciation

I wish to express my sincere appreciation to the National Treasury for their steadfast support of our revenue mobilization efforts. My deepest gratitude goes to the KRA Board, management, and staff for their unwavering commitment and professionalism in achieving these results. Most importantly, we thank our valued taxpayers for their continued compliance and shared commitment to Kenya's economic development.



Hon. Ndiritu Muriithi

CHAIRMAN, KRA BOARD OF DIRECTORS

6. Commissioner General's Statement

1) Introduction

In **FY 2024/25**, KRA launched its **9th Corporate Plan (2024/25–2028/29)**, anchored on the vision of being ***“an agile tax and customs revenue agency facilitating voluntary compliance for all.”*** To translate this vision into action, KRA channelled its efforts through **seven strategic key result areas**: revenue mobilisation, customs border management, tax simplification, taxpayer education and engagement, trade facilitation, operational efficiency, and human resource management. This structured approach not only sharpened the Authority's operational roadmap but also reinforced its commitment to **modernizing revenue administration, enhancing voluntary compliance, and delivering exceptional taxpayer services**.

Despite navigating a **complex and challenging economic landscape**, KRA's strategic initiatives yielded measurable success. Net Revenue collections rose to **Kshs. 2.572 trillion** (inclusive of Surplus Funds of Kshs.193 million received directly at The National Treasury), up from **Kshs. 2.407 trillion** in **FY 2023/24**, reflecting the impact of sustained reforms, data-driven compliance, and improved stakeholder collaboration.

2) Operating Environment

The Kenyan economy faced considerable headwinds in 2024, recording a moderate growth rate of **4.7%**. This performance was constrained by tightening credit conditions that dampened private sector activity, adverse climate shocks that disrupted agricultural production, and fiscal consolidation efforts aimed at stabilising public finances. Nonetheless, the economy exhibited notable resilience, driven by targeted government interventions that helped mitigate global volatility and sustain momentum in key sectors.

3) Revenue Performance

The Kenya Revenue Authority delivered exceptional revenue performance in the **FY 2024/25** financial year, collecting a net of **Kshs. 2.572 trillion** (inclusive of Surplus Funds of Kshs.193 million received directly at The National Treasury) against a target of **Kshs. 2.555 trillion**. This achievement represents not only a **100.6%** target attainment but also continues our impressive growth trajectory, with a **6.8%** year-on-year increase and a remarkable **54.1%** cumulative growth

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over the past five years. Since FY 2020/21, we have expanded revenue collection by **Kshs. 902.32 billion**, maintaining an average annual growth rate of **9.3%** over the past decade, a testament to our sustained commitment to revenue mobilization.

Our Customs and Border Control Department delivered outstanding results, exceeding its target by **5.9%** with collections of **Kshs. 879.329 billion** against a **Kshs. 830.368 billion** target, while achieving impressive **11.1%** year-on-year growth. The Domestic Taxes Department maintained strong performance with **Kshs. 1.688 trillion** collected, representing **98.1%** of its **Kshs. 1.721 trillion** target and demonstrating steady **4.8%** growth compared to the previous fiscal year. This balanced performance across both departments underscores KRA's continued effectiveness in revenue administration, combining rigorous border controls with robust domestic compliance measures to sustain our positive collection trajectory in support of Kenya's economic development.

4) Key Revenue Drivers FY 2024/25

This year's revenue performance reflects our strategic focus on **technology as an enabler**, coupled with targeted compliance measures. By leveraging our digital ecosystem, including iCMS, iTax, eTIMS, and advanced analytics, we enhanced efficiency, closed leakage gaps, and created a seamless taxpayer experience. These technological foundations, combined with the following key initiatives, drove our **Kshs 2.572 trillion** collection:

- i). Tax amnesty**-The successful amnesty program generated **Kshs 29 billion** while bringing **3.5 million taxpayers** into compliance, a proof to our balanced approach of enforcement and facilitation.
- ii). Tax base expansion:** Our innovative approach to broadening the tax base delivered **Kshs 24.9 billion**, with the real estate sector proving particularly transformative. The successful rollout of our **Electronic Rental Income Tax System (eRITS)**, combined with enhanced Monthly Rental Income (MRI) and Block Management System (BMS) enforcement, has revolutionized property tax compliance
- iii). Betting and Gaming Sector:** Through our successful integration of 141 betting and gaming operators into our real-time tax monitoring system, we achieved **Kshs. 20.5 billion** in collections - comprising excise duty on betting and withholding tax on winnings. This technological intervention has transformed compliance in a traditionally high-risk sector, setting a new standard for revenue administration.

- iv). **Enforcement & Integrity:** Recovered **Kshs 141 billion** in outstanding debts through targeted enforcement while iWhistle program reclaimed **Kshs 6.8 billion** while reinforcing institutional integrity
- v). **Dispute Resolution:** We successfully resolved **970 cases** through our Alternative Dispute Resolution framework and Tax Appeals Tribunal, recovering **Kshs 15 billion** while preserving taxpayer relationships. Simultaneously, our strategic litigation efforts safeguarded an additional **Kshs 65 billion** in revenue, demonstrating our dual commitment to both taxpayer service and fiscal responsibility.

5) Outlook

The Kenya Revenue Authority reaffirms its commitment to deliver the FY 2025/26 revenue target of Kshs. 2.935 trillion, representing a significant 14.2% growth over FY 2024/25 collections. This growth will be anchored by our core revenue streams: PAYE (22.2%), Non-Oil Taxes (21.4%), Domestic VAT (13.1%), Corporation Tax (12.4%), and Oil Taxes (10.6%), bolstered by Kenya's projected 5.3% economic growth.

Building on this positive economic outlook, we are intensifying implementation of our 9th Corporate Plan (2024/25-2028/29) under the strategic theme "Unlock and Tap the Full Revenue Potential through Technology Transformation, Service Excellence, and Integrity." Our approach combines three critical elements: leveraging cutting-edge technology as a catalyst for expanding the tax base and reducing revenue leakages; simplifying processes while strengthening compliance measures; and aligning our efforts with Kenya's most dynamic economic sectors to maximize revenue potential.

While acknowledging the challenges posed by global economic uncertainties and domestic fiscal constraints, we are confident that KRA's adaptive systems, data-driven approach, and commitment to integrity position us to navigate these challenges successfully. Our vision extends beyond immediate target to building a modern, resilient revenue administration system that will sustainably support Kenya's development agenda for generations to come.

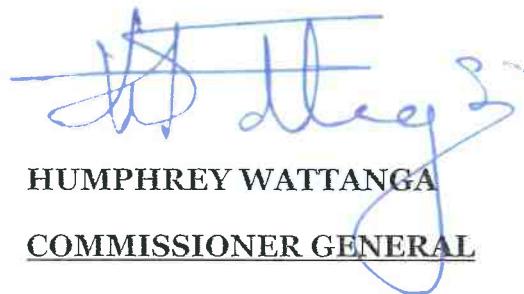
6) Conclusion

I wish to express my deepest gratitude to the KRA Board, our dedicated management team, and every staff member whose tireless efforts made FY 2024/25 a success. Our sincere appreciation

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extends to the National Treasury for their unwavering partnership, and most importantly, to all taxpayers for fulfilling their civic duty, your compliance is the bedrock of our nation's development.

As KRA marks its Pearl Anniversary, we proudly reflect on a 30-year transformation, growing revenue collections from **Kshs. 122 billion** in 1995 to over **Kshs. 2.5 trillion** in 2025. This twenty-fold growth is a testament to the power of innovation, integrity, and collaborative nation-building. Building on this legacy, KRA remains steadfast in its mission to ensure fiscal sustainability through efficient revenue mobilisation, while fostering a competitive and enabling environment for inclusive economic growth.



HUMPHREY WATTANGA
COMMISSIONER GENERAL

7. Review of Kenya Regulatory & Non-Commercial Enterprises Performance for FY 2024/25

Statement of Performance against Pre-Determined Objectives

KRA has four balanced scorecard perspectives and four strategic goals within its strategic plan for the period 2024/25 to 2028/29. These strategic perspectives are: Revenue, People, Customer, and Business process.

KRA develops Annual Work Plans based on the above four perspectives. Assessment of the Board's performance against its annual work plan is done quarterly by perspective. KRA achieved most of its performance targets set for the FY 2024/25 period for its four strategic perspectives as indicated in Table 1.

Table 1: Strategic Achievements in FY 2024-2025

| Strategic pillar/perspective | Strategic Objective | Performance Indicator | Target FY 2024/25 | Achievement 2024/25 | Remarks |
|------------------------------|------------------------------------|------------------------------------|-------------------|---------------------|--|
| Revenue | Enhance tax and customs compliance | Total Revenue collected (Kshs. Bn) | 2,555.1 | 2,571.5 | <ul style="list-style-type: none"> Total Revenue performance of 100.6% Exchequer collection of Kshs. 2,323bn against a target of Kshs. 2,347 bn (99% performance) Agency Revenue collection of Kshs.248.3bn against a target of Kshs.207.8bn (119.5% performance) |
| | | On-time filing rate | 84 | 81 | <ul style="list-style-type: none"> 96.4% performance 81% of taxpayers who were expected to file returns by the due dates |
| | | On-time payment rate | 75 | 81 | <ul style="list-style-type: none"> 108% performance 81% of taxpayers who were expected to pay taxes paid by the due dates |
| | Tax Base Expansion | Number of active taxpayers (Mn) | 10.37 | 10.56 | <ul style="list-style-type: none"> 101.8% performance Active taxpayers are the ones who pay and/or file returns |

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| Strategic pillar/perspective | Strategic Objective | Performance Indicator | Target FY 2024/25 | Achievement 2024/25 | Remarks |
|-------------------------------------|---|-----------------------------------|--------------------------|----------------------------|--|
| Customer | Simplify tax and customs processes | Tax Simplification Index | 53 | 59.8 | <ul style="list-style-type: none"> 112.8% performance Taxpayers perceive the tax system to be less complex compared to FY 2023/24 |
| | Improve trade facilitation | Time Taken to Release Goods (Hrs) | 43.15 | 40.38 | <ul style="list-style-type: none"> 106.9% performance It is now taking less time to release goods at the ports |
| Business Process | Scale up infrastructure to meet business demands | % System uptime | 99.2 | 99.01 | <ul style="list-style-type: none"> 99.8% performance KRA systems were 99.01% available for use |
| | Attain a fully integrated and simplified revenue administration | Automation level (%) | 97.3 | 97.3 | <ul style="list-style-type: none"> 100% performance 97.3% of KRA processes are automated |
| People | Enhance integrity | Corruption perception index | 30 | 30.54 | <ul style="list-style-type: none"> 98.2% performance The ideal situation is to have 0% corruption perception Corruption perception has not significantly changed compared to FY 2023/24 |

8. Corporate Governance Statement

Corporate governance is the structure and processes used to direct and manage an organization in order to enhance corporate performance, accountability, fairness and transparency and accountability. It also entails the balancing of the interests of all stakeholders of the organization.

The Kenya Revenue Authority Board of Directors is the governing body of the Authority. The Board of Directors is responsible for the governance of the Authority and is accountable to the Cabinet Secretary, National Treasury to ensure compliance with the Kenya Revenue Authority Act, The Mwongozo Code of Conduct for State Corporations, international best practice and business ethics. The Directors attach great importance to the need to conduct business and operations of the Authority with integrity, professionalism and in accordance with generally accepted international corporate governance practice. The Authority is committed to the implementation of good corporate governance practices as outlined by promotion of ethical leadership, accountability and ensure the sustainability of the organization.

The Board's responsibilities are broadly set out in Section 6 (6) of the Kenya Revenue Act CAP 469 of the Laws of Kenya.

Board Meetings

The Board meets on a monthly basis to review Management performance, including revenue collection, operational issues and future planning. The Directors are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational, revenue and compliance issues. All the Directors are independent of Management and free from any business relationship that could materially interfere with the exercise of their independent judgment. In the period under review, the Board held Twelve (12) meetings.

The Board meetings' attendance matrix for the year under review is as follows:

| Name | Designation | Meetings attended |
|--|--------------------|--------------------------|
| Anthony Ng'ang'a Mwaura | Board Chairman | 6/6 |
| Hon. Ndiritu Muriithi | Board Chairman | 6/6 |
| FCPA Ashif Kassam, OGW | Member | 11/12 |
| Ms. Lydia Rono | Member | 12/12 |
| Mr. Hadi Sheikh Abdullahi | Member | 12/12 |
| FCPA Richard Boro Ndung'u | Member | 12/12 |
| Ms. Amolo Ng'eno | Member | 3/3 |
| The Attorney General/Representative | Member | 11/12 |
| The Principal Secretary – The National Treasury/Representative | Member | 9/12 |
| The Commissioner General | Member | 12/12 |

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Board Committees

The Board had four (4) standing Committees during the period under review, which met regularly under the Terms of Reference set out by the Board.

Human Resources Committee

The Committee is responsible for monitoring and appraising the performance of Senior Management, reviewing of human resource policies, approval of remuneration policy for employees and making recommendations on Senior Management appointments to the Board. The Committee met six (6) times and its Members were:

- i. Mr. Richard Ndung'u,
- ii. Mr. Hadi Abdullahi,
- iii. The Attorney General and
- iv. Commissioner General.

The Committee meetings' attendance matrix for the year under review is as follows:

| Name | Designation | Meetings attended |
|-------------------------------------|--------------------|--------------------------|
| FCPA Richard Boro Ndung'u | Chairperson | 6/6 |
| Mr. Hadi Sheikh Abdullahi | Member | 6/6 |
| The Attorney General/Representative | Member | 5/6 |
| The Commissioner General | Member | 5/6 |

Finance, Administration and Procurement Committee

The Committee is responsible for review of the Authority's annual budget, Procurement and Disposal Plans and related policies. The Committee four (4) times and its Members were:

- i. Ms. Lydia Rono,
- ii. The Principal Secretary – The National Treasury
- iii. The Attorney General and
- iv. Commissioner General.

The Committee meetings' attendance matrix for the year under review is as follows:

| Name | Designation | Meetings attended |
|--|--------------------|--------------------------|
| Ms. Lydia Rono | Chairperson | 4/4 |
| The Principal Secretary – The National Treasury/Representative | Member | 4/4 |
| The Attorney General/Representative | Member | 4/4 |
| The Commissioner General | Member | 0/4 |

Board Audit Committee

The Committee is responsible for review of audit reports, compliance with relevant laws, procedure and standards, quality of financial reporting and oversight on internal control and risk, among others. The Committee assists the Board in discharging its supervisory and good corporate governance responsibilities. The Committee met four (4) times and its Members were:

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- i. Mr. Hadi Abdullahi,
- ii. Mr. Richard Ndung'u and
- iii. The Principal Secretary – The National Treasury.

The Committee meetings' attendance matrix for the year under review is as follows:

| Name | Designation | Meetings attended |
|--|-------------|-------------------|
| Mr. Hadi Sheikh Abdullahi | Chairperson | 4/4 |
| FCPA Richard Boro Ndung'u | Member | 4/4 |
| The Principal Secretary – The National Treasury/Representative | Member | 3/4 |

Revenue, Strategy and Technology Committee

The Committee is responsible for review of the Authority's strategic implementation of the Corporate Plan and Reform Programme. It also serves as a forum to encourage continuous research and review of tax policy proposals; regulatory framework and revenue collection. The Committee met four (4) times and its Members were:

- i. Mr. Ashif Kassam, OGW,
- ii. Mr. Hadi Abdullahi,
- iii. Ms. Amolo Ngw'eno
- iv. The Principal Secretary – National Treasury and
- v. Commissioner General.

The Committee meetings' attendance matrix for the year under review is as follows:

| Name | Designation | Meetings attended |
|--|-------------|-------------------|
| FCPA. Ashif Kassam, OGW | Chairperson | 4/4 |
| Mr. Hadi Sheikh Abdullahi | Member | 4/4 |
| Ms. Amolo Ngw'eno | Member | 1/1 |
| The Principal Secretary – The National Treasury/Representative | Member | 4/4 |
| The Commissioner General | Member | 4/4 |

Board of Trustees

The Authority has a Staff Pension Scheme which is supervised, managed and administered by a Board of Trustees. The Authority as sponsor of the Scheme, is represented by the following Board Members:

- i. The Attorney General
- ii. Mr. Ashif Kassam, OGW
- iii. Ms. Amolo Ngw'eno

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Board Matters

| Attendance to board meetings by members | In the Financial Year 2024/2025: There were twelve (12) full Board Meetings and seventeen (18) Board Committees Meetings attended by Members. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|-----------|----------|-----------------|----------|-----------|-----------------------|----------------|------------|-----------------------|--------|---|------------------------|--------|---------------------------|-----------------------|--------|--|--------------|--------|-----------------|---------------------|--------|--------------|--------------------|----------|-------|----------------------|--------|-------|
| <table border="1"> <thead> <tr> <th>Meetings</th><th colspan="2">No. of Meetings</th></tr> <tr> <th></th><th>Scheduled</th><th>Special</th></tr> </thead> <tbody> <tr> <td>Full Board</td><td>12</td><td>0</td></tr> <tr> <td>Finance, Administration and Procurement Committee</td><td>4</td><td>0</td></tr> <tr> <td>Human Resources Committee</td><td>4</td><td>2</td></tr> <tr> <td>Revenue, Strategy and Technology Committee</td><td>4</td><td>0</td></tr> <tr> <td>Audit Committee</td><td>4</td><td>0</td></tr> <tr> <td>TOTAL</td><td>28</td><td>2</td></tr> </tbody> </table> | | | Meetings | No. of Meetings | | | Scheduled | Special | Full Board | 12 | 0 | Finance, Administration and Procurement Committee | 4 | 0 | Human Resources Committee | 4 | 2 | Revenue, Strategy and Technology Committee | 4 | 0 | Audit Committee | 4 | 0 | TOTAL | 28 | 2 | | | | |
| Meetings | No. of Meetings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Scheduled | Special | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Full Board | 12 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Finance, Administration and Procurement Committee | 4 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Human Resources Committee | 4 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue, Strategy and Technology Committee | 4 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Audit Committee | 4 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL | 28 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Succession plan | Appointment is by the President (for the Board Chairman) and Cabinet Secretary – The National Treasury (for Board Members) as per the Kenya Revenue Authority Act Section 6(2)(a) and Section 6(2)(e). Expiry of term is usually communicated to The National Treasury at least 3 months before expiry of Term | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Existence of a board charter | There is an existing Board Charter, which was reviewed and approved by the Board on 14 th June, 2024. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Process of appointment and removal of directors | As per the Kenya Revenue Authority Act Sections 7 and 8 and the State Corporations Act Section 7. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roles and functions of the Board | As per the Kenya Revenue Authority Act Section 6(6). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Induction and training | <p>The Directors attended the following Workshop:</p> <ul style="list-style-type: none"> Capacity Building Program for Board Chairpersons, Board Members and Chief Executive Officers of Regulatory Authorities (12th to 14th September, 2024) – 2 Directors attended. Tax and Customs Training Workshop on 28th to 29th October, 2024- 6 Directors attended. Audit, Risk Management and Business Continuity Training 3rd and 4th June, 2025 Training Workshop - 6 Directors attended. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Board and member performance | <p>The Board Performance Self-Assessment for Financial Year 2024/2025 was carried out on 31st July, 2025 and facilitated by the State Corporations Advisory Committee.</p> <p>The evaluation scores were as follows:</p> <table border="1"> <thead> <tr> <th>Name</th><th>Position</th><th>Score (%)</th></tr> </thead> <tbody> <tr> <td>Hon. Ndiritu Muriithi</td><td>Board Chairman</td><td>94.60</td></tr> <tr> <td>Hon. Dorcas Oduor, AG</td><td>Member</td><td>96.00</td></tr> <tr> <td>Lawrence Kibet Chelimo</td><td>Member</td><td>96.00</td></tr> <tr> <td>Hadi Sheikh Abdullahi</td><td>Member</td><td>97.34</td></tr> <tr> <td>Ashif Kassam</td><td>Member</td><td>95.67</td></tr> <tr> <td>Richard Boro Ndungu</td><td>Member</td><td>95.00</td></tr> <tr> <td>Lydia Cherono Rono</td><td>Member</td><td>96.00</td></tr> <tr> <td>Humphrey M. Wattanga</td><td>Member</td><td>88.00</td></tr> </tbody> </table> | | | Name | Position | Score (%) | Hon. Ndiritu Muriithi | Board Chairman | 94.60 | Hon. Dorcas Oduor, AG | Member | 96.00 | Lawrence Kibet Chelimo | Member | 96.00 | Hadi Sheikh Abdullahi | Member | 97.34 | Ashif Kassam | Member | 95.67 | Richard Boro Ndungu | Member | 95.00 | Lydia Cherono Rono | Member | 96.00 | Humphrey M. Wattanga | Member | 88.00 |
| Name | Position | Score (%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hon. Ndiritu Muriithi | Board Chairman | 94.60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hon. Dorcas Oduor, AG | Member | 96.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lawrence Kibet Chelimo | Member | 96.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hadi Sheikh Abdullahi | Member | 97.34 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ashif Kassam | Member | 95.67 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Richard Boro Ndungu | Member | 95.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lydia Cherono Rono | Member | 96.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Humphrey M. Wattanga | Member | 88.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Conflict of interest | Conflict of interest is declared in all Board and Board Committees Meeting and recorded as part of the proceedings. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Board remuneration | As per the letter Ref ZZ MOF 131/04 dated 11 th February, 2011. Below is a summary of payments per Board Member in KShs. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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Board Remuneration

| Board Member Name | Monthly allowance | Sitting Allowance | Accommodation allowance | Consolidated Pay (KShs) |
|---------------------------------------|--------------------------|--------------------------|--------------------------------|--------------------------------|
| Hon Ndiritu Muriithi | 1,525,700.95 | 1,104,152 | 495,113.00 | 3,124,966 |
| Mr. Anthony Nganga Mwaura | 1,313,868.60 | 642,335 | 595,214.00 | 2,551,418 |
| Mr Richard Boro Ndungu | 873,530.40 | 1,864,419 | 1,036,879.00 | 3,774,829 |
| Mr Hadi Sheikh Abdullahi | 873,530.40 | 1,222,846 | 27,500.00 | 2,123,877 |
| Ms Lydia Cherono Rono | 873,530.40 | 1,223,989 | 628,214.00 | 2,725,734 |
| Mr Ashif Kassam | 873,530.40 | 1,078,194 | 617,214.00 | 2,568,939 |
| Hon. Dorcas Agik Oduor | 873,530.40 | 232,623 | | 1,106,154 |
| Mr Shadreck Mose | | 203,807 | | 203,808 |
| Mr Lawrence Kibet | | 728,020.75 | | 728,021 |
| Dr Chris Kiptoo | | 58,394.10 | | 58,394 |
| Mr. Waigi Kamau | | 525,546.90 | | 525,547 |
| Ms. Amolo Ngwenyo | 218,978.10 | 175,182.30 | | 394,160 |
| Hon. John Mbadi | 873,530.40 | | | 873,530 |
| Travel, Airtime & Conference expenses | | | | 11,180,434 |
| TOTAL | 8,299,730 | 9,059,513 | 3,400,134 | 31,939,811 |

Senior Management Remuneration

| Name | Position | Gross Pay |
|------------------------------|---|--------------------|
| Humphrey Mulongo Wattanga | Commissioner General | 18,950,000 |
| Paul Muema Matuku | Commissioner-Legal & Board Services | 14,400,000 |
| Fred Mugambi Rukaria Mwirigi | Commissioner - KESRA | 14,450,000 |
| Rispah Muthoni Mwangi Simiyu | Commissioner – Large & Medium Taxpayers | 14,247,673 |
| Lilian Anyango Nyawanda | Commissioner - Customs & Border Control | 14,155,500 |
| David Kiprop Sirikwa Yego | Commissioner - Investigations | 10,507,143 |
| Alex Kimani Mwangi | Acting Commissioner - BSTEM | 10,440,900 |
| Nancy Jerono Ng'etich | Acting Commissioner - Shared Services | 10,055,000 |
| George Omondi Obell | Acting Commissioner – Micro & Small Taxpayers | 3,588,000 |
| Levi Mukhweso | Acting Commissioner - Investigations | 3,504,429 |
| | | 114,298,644 |

| | | | |
|--|--|---------------|-------------|
| Governance audit | The Governance Audit for the Financial Years 2022/2023 and 2023/2024 was conducted in November and December 2024 with an overall score of 94.1%. | | |
| Governance Parameter | Percentage | Rating | |
| Ethical Leadership and Strategic Management | 94.5 | 4.70 | Good |
| Transparency and Disclosure | 87.8 | 4.33 | Good |
| Compliance with Laws and Regulations | 80 | 4 | Good |
| Communication with Stakeholders | 96 | 4.8 | Good |
| Board Independence and Governance | 98 | 4.9 | Good |
| Board Policies, systems, Practices and Procedures | 97.9 | 4.89 | Good |
| Consistent Stakeholder and Shareholder Value Enhancement | 94.4 | 4.92 | Good |
| Corporate Social Responsibility and Investment | 92 | 4.6 | Good |
| Sustainability | 97.1 | 4.86 | Good |
| Average | 94.1 | 4.71 | Good |

9. Management Discussion and Analysis

1. Revenue Performance and Growth FY 2015/16 – FY 2024/25

KRA continues to implement her mandate of assessing, collecting, and accounting for all revenues per specific laws governing it. At the same time, the Authority, advises on matters relating to the administration of, and collection of revenue under the written laws or the specified provisions of the written laws while performing such other functions concerning revenue as directed by the Minister for Finance.

The following sections present the revenue collected, the contribution from the two main departments, and the collection against the target for the nine years. It also gives an overview of some anticipated risks and their mitigation measures.

Figure 1 presents the revenue collection trend from FY 2015/16 to FY 2024/25. The figure shows consistent revenue performance in this period, with average annual revenue growth of **9.3 percent** in the ten years and **8.2 percent** in the last three years. The highest revenue growth was recorded in FY 2021/22 at **21.7 percent**.

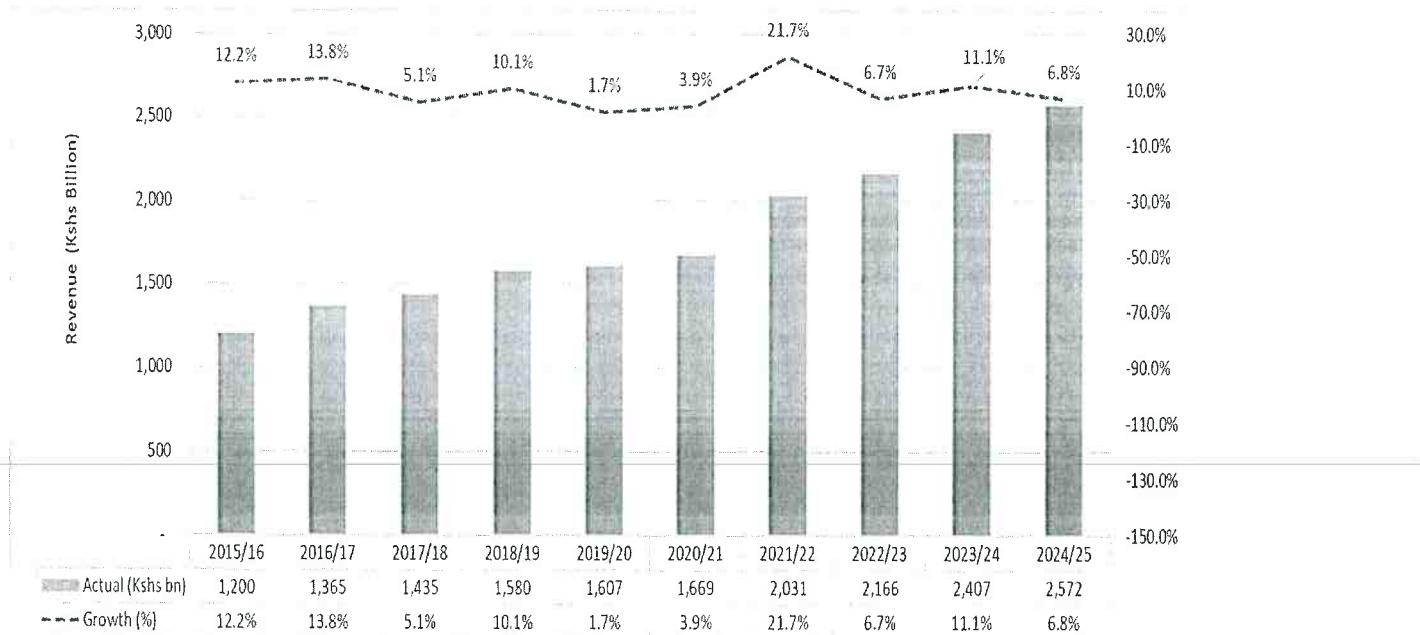


Figure 1: Tax Revenue Trends (2015/16 – 2024/25)

As shown in Figure 2 below, Customs and Border Control collected **Kshs. 879.329 billion** in the FY 2024/25 against a target of **Kshs. 830.368 billion** registering a revenue surplus of **Kshs. 48.961 billion**. Customs revenues grew by **11.1 percent** over **Kshs. 791.368 billion** collected in FY 2023/24 and recorded a performance rate of **105.9%**. On the other hand, the Domestic Taxes Department collected **Kshs. 1.688 trillion** in FY 2024/25 against a target of **Kshs. 1.721 trillion**, a revenue shortfall of **Kshs. 32.881 billion**. Domestic tax revenue grew by **4.8 percent** over **Kshs. 1.611 trillion** collections in FY 2023/24 and recorded a performance rate of **98.1 percent**.

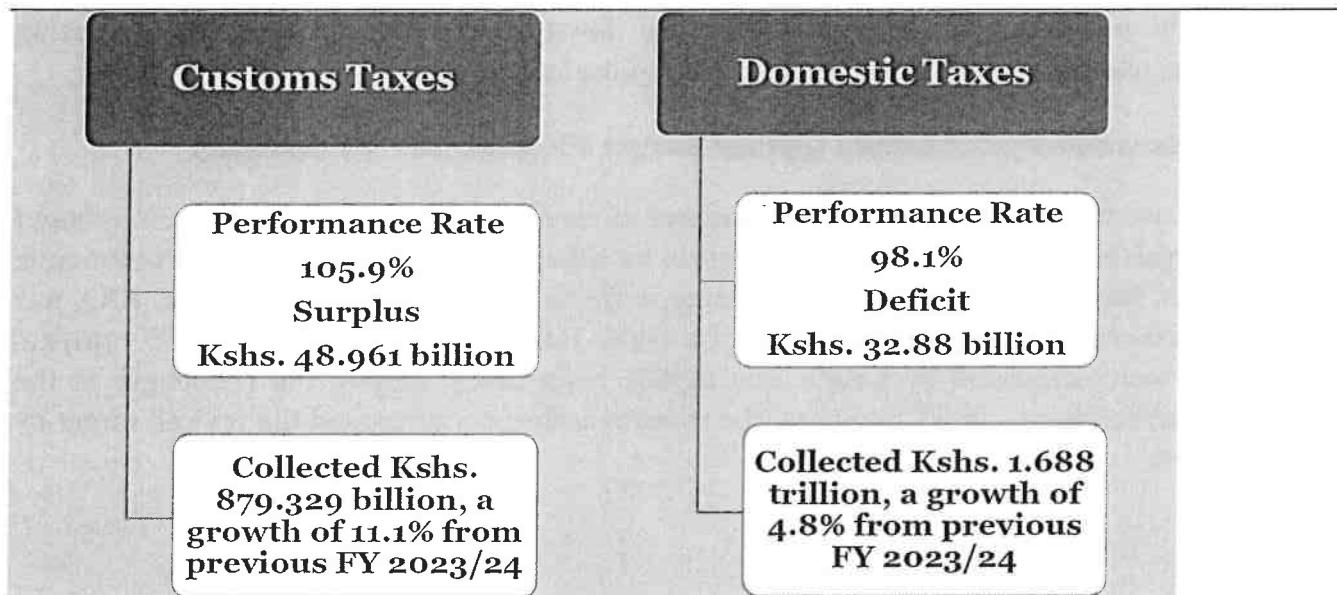


Figure 1: FY 2024/25 Performance rate against the target

2. Performance of Key Tax Heads

Corporation Tax: Corporation tax collections stood at **Kshs. 304.803 billion** against a target of **Kshs. 321.080 billion**. The tax head recorded a growth of **9.9 percent** in the FY 2024/25. This performance was driven by increased remittances from sectors like: ICT (18.5%); Manufacturing (30.5%); Real Estate (7.5%); Accommodation & Food Services (15.3%); Electricity, Oil, & Gas (55.1%); Finance & Insurance (8.3%); Wholesale & Retail Trade (7.8%); among others. These sectors contributed **80.6%** of the Corporation taxes.

Pay As You Earn (PAYE): P.A.Y.E collection was **Kshs. 560.963 billion** against a target of **Kshs. 566.601 billion**. The performance was mainly driven by remittance from private firms and the public sector, which grew by **2.5%** and **4.7%** respectively. The slow growth was attributed to utilisation of adjustment vouchers by taxpayers to offset tax liabilities and policy impacts, which included adjustment of SHIF and Housing Levy from relief to allowable deductions before tax computation

Domestic Excise: The tax head collections amounted to **Kshs 69.385 Billion** in FY 2024/25 against a target of **Kshs 71.369 Billion**, accruing a deficit of **Kshs 1.984 Billion** (or a performance rate of **97.2%**). Revenue declined by **5.8%** over Kshs 73.624 Billion collected in FY 2023/24.

Domestic VAT: Domestic VAT collection amounted to **Kshs. 327.336 billion** in FY 2024/25 compared to **Kshs 314.157 billion** in FY 2023/24, a growth of **4.2 percent**. The growth is attributed to the implementation of the tax amnesty programme, which enhanced compliance among taxpayers. VAT remittance from a number of sectors (Accommodation, Administrative & Support, Electricity, Oil & Gas, Finance & Insurance, ICT, Professional & Scientific, and Transport & Storage) declined by an average of **3.5%**. This was attributed to prevailing economic conditions

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earlier in the year when business activity slowed down amid deterioration in the operating environment, characterized by protests that affected trade

3. Revenue Performance against Target FY 2015/16 – FY 2024/25

In Figure 3, we present the historical performance of revenue against revised targets. It is noted that the target has been revised over the years to adjust for changes in the macroeconomic environment that dictates the level of revenue collection. For the last ten years, KRA has consistently missed her target by an average of **2.65%**. However, in FY 2020/21 and FY 2021/22, the targets were surpassed by **1.04%** and **2.78%** respectively despite the challenges in the operating environment. In FY 2024/25, the revenue collection surpassed the revised target by **0.6 percent**.

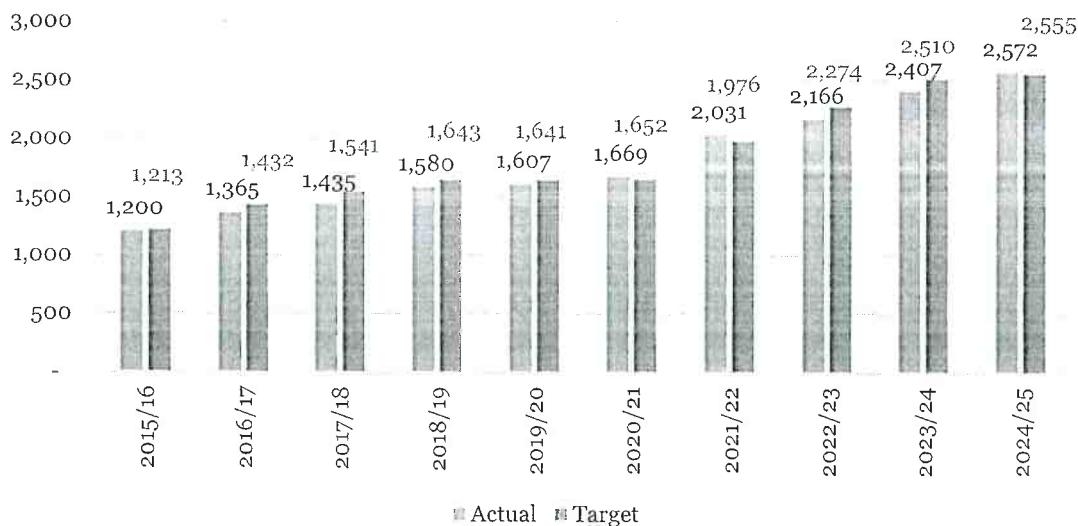


Figure 3: FY 2015/16 - FY2024/25 Actual Collection against Supplementary III

4. Risks and Mitigation in the 9th Corporate Plan

KRA faces several risks that may impact revenue collection and service delivery in FY 2025/26. These span economic, policy, and operational domains. In response, the Authority has put in place targeted mitigation strategies aligned with the 9th Corporate Plan. The key risks and interventions are outlined below:

a. Growth of the Informal and Digital Economy

Risk: The expansion of informal cash-based enterprises and digital platforms operating outside the formal tax net leads to significant revenue leakage and weakens tax equity.

Mitigation: KRA is intensifying implementation of the Tax Base Expansion (TBE) programme through tools such as the Electronic Rental Income Tax System (eRITS), Block Management System (BMS), and enhanced third-party data integration. The roll-out of eTIMS will support

real-time transaction tracking, while simplified tax regimes for small-scale traders will encourage voluntary compliance.

b. Geopolitical and Global Economic Uncertainties

Risk: Conflicts such as the Russia–Ukraine war and rising tensions in the Middle East (Israel, Gaza, and Iran), coupled with global recession risks and supply chain disruptions, have driven up inflation and dampened global economic growth negatively affecting trade and revenue in Kenya. **Mitigation:** KRA is diversifying the revenue base by targeting under-taxed and emerging sectors such as the digital and informal economy. The Authority is also strengthening international tax cooperation, cross-border information exchange, and the use of data-driven compliance models to build resilience against global shocks.

c. Volatile Tax Policy Environment

Risk: Frequent amendments to tax laws create uncertainty, administrative burden, and discourage both voluntary compliance and long-term investment. **Mitigation:** KRA is working closely with the National Treasury to promote policy predictability through the National Tax Policy and Medium-Term Revenue Strategy, which aim to streamline tax legislation and foster stability.

d. Cybersecurity Threats

Risk: Rising cyber threats pose risks to the integrity of KRA's digital platforms, potentially disrupting operations, exposing taxpayer data, and eroding public confidence. **Mitigation:** KRA is enhancing its cybersecurity posture by investing in modern security infrastructure, conducting regular risk assessments, and training staff. These measures are designed to safeguard key systems such as iTax, eTIMS, and iCMS, and ensure secure, uninterrupted service.

e. Illicit trade

Risk: Smuggling, counterfeiting, and evasion in excisable goods undermine legitimate business activity, erode the tax base, and lower both customs and domestic revenue. **Mitigation:** KRA is scaling up border surveillance by establishing new border control offices, enhancing infrastructure with modern scanners, RECTS, and advanced risk-based profiling tools. Additionally, the Authority is deepening collaboration with partner agencies and regional bodies to disrupt illicit trade flows and fortify legal and regulatory frameworks for effective deterrence.

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1) KRA Project Portfolio

KRA is implementing the following projects with the goal of effectively delivering its primary mandate of revenue mobilization. The projects are at different stages of completion and are shown in Table 2.

Table 2: KRA's Project Portfolio

| Stage | Number of Projects | Projects |
|--|---------------------------|---|
| Completed Projects (Since July 2023) | 3 | <ol style="list-style-type: none"> 1. ICMS 2. East African Regional Transport, Trade and Development Facilitation Project (EARTTDFP) 3. Ushuru Pensions Towers Phase II Fit out |
| Completion & Closure (90% - 100%) | 5 | <ol style="list-style-type: none"> 1. Case Management System 2. eTIMS 3. Digital Forensics Lab 4. DWBI (insight) 5. Refurbishment of Secondary Data Centre |
| Execution (16% - 89%) | 8 | <ol style="list-style-type: none"> 1. Horn of Africa Gateway Development Project (HoAGDP) 2. Network Access Control (NAC) 3. Self-Declaration Solution For Small Scale Traders(self clear) 4. Exchange of Information with other Tax Agencies (TLIP) 5. Exchange of Information System (EOIS) 6. Security Operations Centre (SOC) 7. Web based Anonymous Reporting System (Phase III) (WBARS) 8. Enterprise Application Programming Interface (EAPI) Platform |
| New Projects (Since July 2023) | 3 | <ol style="list-style-type: none"> 1. Network Access Control 2. Simplified Customs Declaration for small scale traders through mobile apps (Self Clear) 3. Enterprise Application Programming Interface |

10. Environmental and Sustainability Reporting

Employee Welfare Activities for FY 2024/2025

1. Hiring Processes, procedures and Regulations

a) The Authority's hiring process is governed by the principles of equal opportunity, inclusivity and non-discrimination, in line with the Constitution of Kenya and internal Human resource policies. The process is guide by three key policies:

1. Recruitment, Selection, Appointment and Promotions Policy, and
2. Diversity, Equality and Inclusion (DEI) Policy.
3. Disability Mainstreaming Policy

The policies ensure that recruitment activities are transparent, merit-based, and aligned with constitutional provisions on equity and social justice.

b) In compliance with Articles 54 to 57 of the Constitution:

- The Authority actively promotes gender balance, in line with the two-thirds (2/3) gender rule by ensuring at least 33% male/female representation in shortlists.
- The Authority promotes the progressive realization of representation of the 5% Persons with Disabilities (PWDs) and implements the Disability mainstreaming policy in the hiring process by shortlisting PWD applicants with a valid disability registration certificate, provided they meet the minimum requirements for the job.
- The Authority has specific programmes reserved for youth (18-35 years) which include Industrial Attachment, Internship and graduate trainee program.
- Affirmative action measures are applied to ensure fair representation of the marginalized and minority communities in line with the diversity policy inter alia:
 - Shortlisting of applicants from non-represented ethnic groups if they meet the job requirements.
 - Where multiple applicants across non-represented, under-represented, and over-represented ethnic groups achieve the minimum requirements, giving preference in that order.

Hiring outcomes by gender, age, disability and ethnic representation are tracked against target through periodic reports.

c) The Authority documents stakeholder inputs and considers them during policy reviews incorporating other sources including:

- Legislative or regulatory changes,
- Organizational restructuring or strategic changes
- Identified policy gaps through audits etc. and,

- Stakeholder feedback.

Policy reviews are typically undertaken **every three years**, but may happen sooner when prompted by urgent needs. Through these structured and inclusive practices, the Authority ensures a fair, diverse, and competent workforce that reflects the national values.

2. Employee Welfare Activities

The Authority complies with Occupational Safety and Health Act of 2007 (OSHA) as operationalised by Work Environment Standard Policy. This enhances provision of safety and health for internal and external stakeholders (both male and Female) as follows:

- i) Promoting and maintaining high standards of health and safety of employees, customers and general by;
 - a) conducting sensitizations on regular basis
 - b) Reporting accidents and incidences to Directorate of Occupational Safety and Health (DOSH) when they occur.
- ii) Ensuring Annual work environment Audits are conducted in the workplaces as follows:
 - a) The Human Resource Division conducts and reports gaps to relevant HoDs to ensure a safe and healthy work environment
 - b) Employees/departments channel their work environment challenges to the Human Resource Division for facilitation as necessary
 - c) The Human Resource Division conducts regular work environment spot checks and submits recommendations for implementation to ensure compliance by relevant departments
 - d) Security and Safety Division reports accidents and incidences to the Directorate of Occupational Safety and Health (DOSH) when they occur.
- iii) Ensuring utilization of leave entitlement in compliance with the leave management policy as follows:
 - a) Facilitating staff to utilize their annual leave entitlement when it becomes due.
 - b) The Human Resource Division conducts regular staff sensitizations on the importance of leave (*rest to avoid burn out*).

4. Efforts made in improving the rewards systems

- a. The Authority in an effort to improve the rewards system conducted a market salary survey during the year. This is geared towards ensuring that the Authority's salary structure remains competitive through implementation of an enhanced salary package on review and approval by the Salaries and Remuneration Commission.
- b. The Authority also embarked on review of the grading structure from a 10 tier to a 14 tier to enhance career progression thereby improving employee motivation, career growth and retention. This will also help address staff stagnation.

5. **Efforts made in improving skills and managing careers**

- a. The Authority has continued to optimize human resources capability and capacity through skills enhancement programs for skills that were identified through a skills gap audit conducted during the year. As a result, a Graduate Trainee Conversion program was developed to upskill the officers at various levels.
- b. Career guidelines have been developed which provide a well - defined growth structure that ensures appropriate career planning and succession management.

6. **Corporate Social Responsibility (CSR) Statement**

Statement Purpose:

The Corporate Social Responsibility (CSR) statement is a progress report by Kenya Revenue Authority (KRA) on its efforts to demonstrate its social values initiatives. KRA's corporate sustainability target audience include employees, their families, local communities and society at large. The CSR initiatives are aimed to improve quality of life, the environment and the economy in the long-term. KRA focuses on four strategic pillars namely; **Environment, Health, Education, and Sports.**

This statement highlights KRA's commitment in creating social value in collaboration with both our internal and external partners.

In the financial year 2024/2025, KRA implemented CSR initiatives as follows;

CSR initiatives

Environment pillar

• Tree growing

In this financial year, KRA planted **409,546** against a target of 285,510 tree seedlings.

KRA in liaison with the Kenya Forest Service, Mombasa Kilindini Community Forest Association (MOKICFA), various Community Forest Associations (CFA) and the National Treasury facilitated the planting and growing of trees as below;

- i. **104,546** trees at Uplands Forest, Lari – Kiambu County
- ii. **125,000** mangroves at different creek sites in Mombasa County - Dongo Kundu, Mchenjama/Mtongwe & Mtwapa
- iii. **50,000** seedlings in Port Victoria Forest – Busia County,
- iv. **130,000** seedlings in Sorget Forest - Kericho County.

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Additionally, KRA supported The 8th Edition of the Kaptagat Forest Annual Tree Growing Event with 1,000 seedlings. The event was held at Kaptagat Girls High School in Elgeyo Marakwet County on 13th July 2024.

Education pillar

St. Christine, Kibera

KRA staff visited St. Christine school in Kibera on Saturday, 21st December 2024 and a total of 112 families and students benefited from food stuff. In order to achieve this KRA collaborated with partnered local institutions such as Future Stars Foundation that assisted in mobilizing resources, event coordination on-ground distribution and community liaison.

Health pillar

The Health pillar focused on period dignity through the Code Red campaign.

• Sanitary dignity – Code Red Campaign

Code Red is an initiative that aims to address the need for menstrual hygiene for women and children. Its primary objective is to supply essential sanitary pads and diapers, fostering a healthier and supportive environment for women and girls.

This initiative was achieved through staff donations of sanitary towels, diapers and dignity kits to schoolgirls aged between 10-18 years.

Sports pillar

KRA sponsored Ladies Captain Golf Tournament on 21st September 2024 at Sigona Golf Club. This engagement brought together large taxpayers who handle bulk invoices. Over 200 golfers were sensitized on Electronic Tax Invoicing Management System (eTIMS) campaign to facilitate on boarding of all corporate businesses to the scheme.

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11. Report of the Board Directors

The Directors submit their report together with the unaudited financial statements for the year ended 30 June, 2025 which show the state of Kenya Revenue Authority's affairs.

Principal activities

The principal activities of the Authority continue to be assessment and collection of revenue, administration, enforcement of laws relating to and accounting for revenue collected under the relevant Acts.

Results

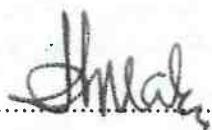
The results of the Authority for the period ended 30 June, 2025 are set out on pages 1 to 31.

Directors

The Members of the Board who served during the period are shown on page viii to xviii.

Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.



Paul Matuku, EBS

By Order of the Board

Board Secretary

Date: 11th DECEMBER 2025

**Kenya Revenue Authority
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12. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the Kenya Revenue Authority Act require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

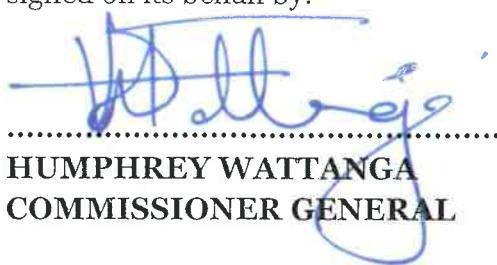
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial period ended on 30 June, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The KRA Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial period ended 30 June, 2025, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The Authority's financial statements were approved by the Board on 11th DECEMBER 2025 and signed on its behalf by:


.....
HUMPHREY WATTANGA
COMMISSIONER GENERAL


.....
HON. NDIRITU MURIITHI
CHAIRMAN

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA REVENUE AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Revenue Authority set out on pages 1 to 54, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts, for the year then ended and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Revenue Authority at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Revenue Authority Act Cap.469 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Revenue Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate information to provide a basis for my opinion.

Emphasis of Matter

1. Unresolved Disputes on Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.29,480,435,000 as disclosed in Note 16 to the financial statements. Note 16(ii) indicates that the Authority has four (4) properties which were under dispute with other Government Agencies. The disputes have been referred to The National Treasury Department of National Assets and Liabilities Management (NALM) resolution. However, at the time of audit the disputes had not been resolved.

2. Working Capital Management

The statement of financial position reflects total current assets of Kshs.4,608,035,000 and total current liabilities of Kshs.11,081,363,000 resulting in a negative working capital of Kshs.6,473,328,000. This is an indication that the Authority is in net liability position and may not be able to settle liabilities when they fall due, raising concerns about liquidity, financial sustainability and service delivery.

3. Long Outstanding Trade Payables

The statement of financial position reflects payables balance of Kshs.9,010,668,000 as disclosed in Note 20 to the financial statements. The balance includes trade creditors and accounts payables of Kshs.4,479,872,000 which further includes a balance of Kshs.571,786,300 owed to Administration Police for guarding the Authority premises and continue to accrue since July, 2016. In a tripartite meeting between National Police Service, The National Treasury and the Authority held on 15 April, 2025, The National Treasury directed Management to settle the outstanding and current bills by seeking

additional funding. However, Management had not obtained the additional funds as at 30 June, 2025.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, six (6) issues were raised under the Report on Financial Statements, five (5) issues under Report on Lawfulness and Effectiveness in Use of Public Resources, and one (1) issue under Report on Effectiveness of Internal Controls, Risk Management and Governance as analyzed in **Appendix I**. The issues remained unresolved as they are yet to be discussed by the Parliamentary Oversight Committee.

Other Information

The Directors are responsible for the Other Information set out on page ii to iii which comprise of Key Information and Management, Board of Directors, Management Team, Chairman's Statement, Commissioner General's Statement, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors' Responsibilities and Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority, financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Loss of Excise Stamps

The statement of financial position reflects trade creditors and payables balance of Kshs.9,010,668,000 as disclosed in Note 20 to the financial statements. The balance includes excise stamps liability of Kshs.4,168,241,000. Review of stock take report for the excise stamps as at 30 June, 2025 revealed a cumulative loss of excise stamps totalling 23,724,042 at Kenya Revenue Authority Vault – Times Tower as detailed below:-

| Loss of Excise Stamps | | | | |
|-----------------------|-----------------------|------------|-------------------|-------------------------------|
| Period Lost | No. of Stamps (Units) | Stamp Code | Stamp Description | Potential Revenue Loss (Kshs) |
| Prior Years | 9,686,358 | Not Known | Not Known | Not determined |
| June, 2025 | 400,000 | Not Known | Tobacco | Not determined |
| October, 2024 | 97,640 | 2011011 | Alcohol Spirits | 11,512,244 |
| October, 2024 | 24,000 | 2011013 | Alcohol Wine | 8,989,740 |
| October, 2024 | 6,044 | 2011014 | Alcohol Wine | 2,247,435 |
| October, 2024 | 210,000 | 2011021 | Soft Drinks | 1,702,960 |
| October, 2024 | 13,300,000 | 2011022 | Water | 95,826,500 |
| Totals | 23,724,042 | | | 120,278,879 |

Although the 9,686,358 stamps were recorded as lost in 2023/2024, the loss was not reported to any Investigating Agency. Further, no status report on the Internal investigation was availed and there was no evidence of investigation being undertaken. The 400,000 tobacco stamps indicated as lost in June, 2025 were purportedly lost in the previous years but reported in June, 2025. The basis of alleging that they were lost in the previous years was not supported as the stocktake reconciliations are undertaken monthly and reported to management. This shortfall had never been reported in any reconciliation in the alleged prior years. There is no evidence that the loss was being investigated.

In addition, the total of 13,637,684 stamps lost in October, 2024 have not been reported to any Investigating Agency. Internal investigation reports indicated that the losses occurred between 2022 and 2024, a fact which was not supported as they had not been reported. The losses had however not been detected through the monthly stock reconciliations in those years.

There is clear indication of weak controls around the receipt and issue of excise stamps thereby occasioning revenue loss.

In the circumstances, value for money on the cost of the stamps and subsequent revenue lost could not be confirmed.

2. Idle Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.29,480,435,000 as disclosed in Note 16 to the financial statements. The balance includes motor vehicles with a net book value of Kshs.846,229,000 which further includes fifty-two (52) motorcycles valued at Kshs.6,701,416. Records indicate that the motor cycles were acquired to facilitate enforcement officers in the management of border security in various custom stations. Verification exercise carried out in the month of June, 2025 revealed that the motor cycles were lying idle at various locations exposing them to deterioration and risk of loss. Although Management indicated that it had undertaken appropriate measures to operationalize the motor cycles by training officers and ensuring the motor cycles are in serviceable working condition, the motor cycles remained unutilized for an undefined duration since acquisition up to June, 2025.

In the circumstances, value for money on motorcycles valued at Kshs.6,701,416 could not be confirmed.

3. Payment of Transport Allowance to Employees on Suspension and Interdiction.

Review of the Authority's payroll revealed that twenty-one (21) employees were paid transport allowances totalling Kshs.2,163,000 while on suspension. This contravenes the Public Service Commission Act, 2017, which restricts benefits during disciplinary action to half basic salary, full house allowance, and medical allowance/insurance, as applicable. Although Management indicated that the payments were made in compliance with Section 62(2) of the Anti-Corruption and Economic Crimes Act, evidence to indicate that the employees were formally charged and that if charged the cases remained undetermined for over 24 months to warrant the payment of allowances was not provided for audit.

In the circumstances, management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of System Upgrade and Renewal of Software Licenses

Review of ICT records revealed that the Authority's contract for software licenses and partner support lapsed in July, 2024. However, the renewal of the contract was not actualized due to insufficient budgetary provisions. At the time of the audit the contract had not been renewed. Management indicated that as a result of non-renewal of the contract, three other licenses linked to the software expired in November, 2024. The expiry of the licenses increases risk of security vulnerability and extended downtime to the Authority's virtualized IT infrastructure as a result of lack of updates and technical support.

In the circumstances, the effectiveness of the Authority's IT systems, controls and risk management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 December, 2025

Appendix I: Unresolved Prior Year Matters

| S/No | Audit Issue |
|------|--|
| 1. | Inaccuracies in the Financial Statements |
| 2. | Unsupported Administrative Expenses |
| 3. | Inaccuracies in Receivables balance |
| 4. | Property, Plant and Equipment balance |
| 5. | Intangible Assets Balance |
| 6. | Excise Stamp Liability |
| 7. | Non-Compliance with the Authority's Guidelines on Internship |
| 8. | Non-Compliance with the Transfer Policy Guidelines |
| 9. | Secondment of Staff to The National Treasury |
| 10. | Failure to prepare Financial Statements for Car Loan and Mortgage Scheme |
| 11. | Delinking Kenya School of Revenue Administration from Agency Operations |
| 12. | Weakness in Internal Control over Management of the Authority's Information System |

Kenya Revenue Authority
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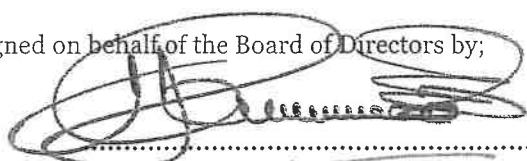
14. Statement of Financial Performance for the year ended 30 June 2025

| | NOTE | 2024/2025 <u>Kshs'ooo</u> | 2023/2024 (Re-stated) <u>Kshs'ooo</u> |
|---|------|------------------------------|---|
| REVENUE | | | |
| Revenue from non- exchange transactions | 5 | | |
| Deferred grant income amortisation | 5a | 1,789,054 | 500,888 |
| Agency Grant | 5b | 32,176,936 | 29,901,566 |
| Revenue from exchange transactions | 6 | | |
| Commissions Income | 6a | 3,898,556 | 3,305,600 |
| Interest Income | 6b | 252,798 | 177,752 |
| Other Income | 6c | 597,287 | 428,100 |
| TOTAL REVENUE | | <u>38,714,631</u> | <u>34,313,906</u> |
| EXPENDITURE | | | |
| Administrative Expenses | 7 | 32,639,711 | 31,010,333 |
| Operating Expenses | 8 | 2,434,589 | 2,078,111 |
| Maintenance Expenses | 9 | 1,170,474 | 1,430,744 |
| Board Expenses | 10 | 31,940 | 32,612 |
| TOTAL EXPENDITURE | | <u>36,276,714</u> | <u>34,551,800</u> |
| Others | | | |
| Loss on disposal of assets | 11 | (949) | (28,473) |
| Impairment Loss | 12 | (11,337) | - |
| SURPLUS FOR THE YEAR | | <u>2,425,631</u> | <u>(266,367)</u> |

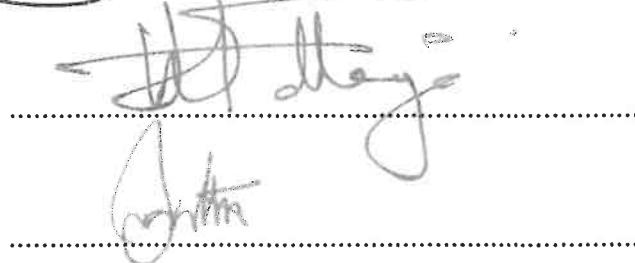
The notes set out on pages 8 to 31 form an integral part of the Financial Statements

The financial statements set out herein were signed on behalf of the Board of Directors by;

CPA Josephat Omondi
 Head of Finance - ICPAK Member No. 3473



Humphrey Wattanga
 Commissioner General



Hon. Ndiritu Muriithi
 Chairman



Date

11th December 2025

Kenya Revenue Authority
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15. Statement of Financial Position as at 30 June 2025

| | NOTE | 2024/2025 <u>Kshs '000</u> | 2023/2024 (Restated) <u>Kshs '000</u> |
|----------------------------------|------|-------------------------------|---|
| Assets | | | |
| Current Assets | | | |
| Cash and Bank Balances | 13 | 3,819,560 | 3,028,733 |
| Stocks | 14 | 83,861 | 92,610 |
| Receivables | 15 | 704,614 | 1,078,790 |
| | | 4,608,035 | 4,200,133 |
| Non-Current Assets | | | |
| Property, Plant & Equipment | 16 | 29,480,435 | 30,412,835 |
| Intangible Assets | 17 | 6,952,938 | 1,754,712 |
| Amount due from Treasury | 18 | - | 1,090,000 |
| Security Deposits | 19 | 3,172,166 | 3,155,916 |
| | | 39,605,539 | 36,413,463 |
| Total Assets | | 44,213,574 | 40,613,597 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables | 20 | 9,010,668 | 11,182,696 |
| Leave Pay and Gratuity Provision | 21 | 2,034,411 | 2,178,075 |
| Deferred Income Amortisation | 22 | 36,284 | 500,888 |
| | | 11,081,363 | 13,861,659 |
| Non Current Liabilities | | | |
| Deferred Grants Income | 22 | 8,203 | 539,023 |
| | | 8,203 | 539,023 |
| Total Liabilities | | 11,089,566 | 14,400,682 |
| Net Assets | | 33,124,008 | 26,212,915 |
| Represented by; | | | |
| Accumulated Fund | | 10,409,479 | 7,983,848 |
| Revaluation Reserve | | 22,714,529 | 18,229,067 |
| Net Assets | | 33,124,008 | 26,212,915 |

The financial statements set out herein were signed on behalf of the Board of Directors by;

CPA Josephat Omondi
 Head of Finance - ICPAK Member No. 3473

Humphrey Wattanga
 Commissioner General

Hon. Ndiritu Muriithi
 Chairman

Date

[Handwritten signatures and initials of CPA Josephat Omondi, Humphrey Wattanga, Hon. Ndiritu Muriithi, and the date 11th December 2025]

11th DECEMBER 2025

**Kenya Revenue Authority
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for the year ended 30 June 2025**

16. Statement of Changes in Net Assets for the year ended 30 June 2025

| | | Capital Grants by Treasury Note | Accumulated Fund Kshs'ooo | Revaluation Reserve Kshs'ooo | Total Fund Kshs'ooo |
|----------------------------------|----|---------------------------------------|---------------------------------|------------------------------------|---------------------------|
| 1 July 2023 | | 21,603,301 | 1,473,999 | 16,078,503 | 17,552,502 |
| Prior year adjustment | 27 | (21,603,301) | 6,555,478 | - | 6,555,478 |
| 1 July 2023 (As Restated) | | - | 8,029,477 | 16,078,503 | 24,107,980 |
| Contribution for the year | | | 220,739 | - | 220,739 |
| Charge for the year | | - | - | 2,150,564 | 2,150,564 |
| Deficit for the year | | - | (266,367) | - | (266,367) |
| At 30 June 2024 | | - | 7,983,848 | 18,229,067 | 26,212,915 |
| 1 July 2024 | | - | 7,983,848 | 18,229,067 | 26,212,915 |
| Deficit for the period | | - | 2,425,631 | - | 2,425,631 |
| Charge for the period | | - | - | 4,485,462 | 4,485,462 |
| At 30 June 2025 | | - | 10,409,479 | 22,714,529 | 33,124,008 |

**Kenya Revenue Authority
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for the year ended 30 June 2025**

17. Statement of Cash Flows for the year ended 30 June 2025

| | | 2024/2025 | 2023/2024 |
|---|-----------|--------------------|--------------------|
| | Notes | Kshs ('ooo) | Kshs ('ooo) |
| <u>Cash flows from Operating Activities</u> | | | |
| Receipts | | | |
| Transfers from The National Treasury | | 33,266,936 | 28,811,565 |
| Commission Income | | 3,793,679 | 3,289,349 |
| Rental Income | | 192,459 | 190,258 |
| Interest Income | | 245,220 | 137,137 |
| Other Income | | 476,381 | 107,741 |
| Total Receipts | | 37,974,676 | 32,536,050 |
| Payments | | | |
| Employee Costs | | 24,962,527 | 24,458,757 |
| Board Expenses | | 31,940 | 32,611 |
| Other Expenses | | 10,962,731 | 6,727,032 |
| Security Deposits | | - | 50,000 |
| Legal Fees | | - | 33,470 |
| Total Payments | | 35,957,197 | 31,301,870 |
| Net cash flows from/(used in) operating activities | 28 | 2,017,478 | 1,234,180 |
| <u>Cash flows from Investing Activities</u> | | | |
| Purchase of PPE and Intangible assets | | (1,527,476) | (1,384,010) |
| Proceeds from sale of PPE | | 680 | 11,658 |
| Net cash flows from/(used in) investing activities | | (1,526,796) | (1,372,352) |
| <u>Cash flows from Financing Activities</u> | | | |
| Contribution by the National Treasury | | - | 168,439 |
| Deferred Funding by the World Bank | | 300,145 | 423,601 |
| Net cash flows from financing Activities | | 300,145 | 592,040 |
| Net increase/(decrease) in cash & Cash equivalents | | 790,827 | 453,868 |
| Cash and cash equivalents at 1 July | | 3,028,733 | 2,574,865 |
| Cash and cash equivalents at 30 June | | 3,819,560 | 3,028,733 |

Kenya Revenue Authority
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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

| | ADJUSTED BUDGET JUNE 2025 KSHS '000 | ADJUSTMENTS | FINAL APPROVED BUDGET JUNE 2025 KSHS '000 | ACTUAL BASIS JUNE 2025 KSHS '000 | PERFORMANCE DIFFERENCE JUNE 2025 KSHS '000 | PERCENTAGE OF UTILIZATION JUNE 2025 (%) |
|---|-------------------------------------|-------------|---|----------------------------------|--|---|
| Roll Over Funds - Development | 1,359,219 | - | 1,359,219 | - | (1,359,219) | 0% |
| RECEIPTS : | | | | | | |
| Revenue from non-exchange transactions | | | | | | |
| Agency fees | 23,776,936 | 8,400,000 | 32,176,936 | 33,266,936 | 1,090,000 | 103% |
| Deferred Income Amortisation | - | - | - | 1,789,264 | 1,789,264 | 100% |
| Revenue from exchange transactions | | | | | | |
| Commissions income | | | | | | |
| Road Maintenance Levy | 1,790,190 | 605,398 | 2,395,588 | 2,350,609 | (44,978) | 98% |
| NTSA Agency Commission | 7,470 | 753 | 8,224 | 8,947 | 723 | 109% |
| Transit Toll | 24,000 | 14,661 | 38,661 | 40,287 | 1,627 | 104% |
| Petroleum Development levy | 653,306 | (127,809) | 525,497 | 533,240 | 7,743 | 101% |
| Aviation Revenue | - | - | - | 1,563 | 1,563 | 100% |
| Air Passenger Service charge | 387,017 | (28,746) | 358,271 | 362,861 | 4,590 | 101% |
| Housing Levy Commission | 316,100 | 41,006 | 357,106 | 428,038 | 70,932 | 120% |
| National Industrial Training Authority Income | 26,884 | 2,686 | 29,570 | 30,715 | 1,145 | 104% |
| Soltarium contribution | 13,816 | (2,572) | 11,244 | 11,082 | (162) | 99% |
| Interest income | 3,218,783 | 505,377 | 3,724,160 | 3,767,342 | 43,182 | 101% |
| Interest income | 123,676 | 125,806 | 249,481 | 261,470 | 11,989 | 105% |
| Other incomes | 123,676 | 125,806 | 249,481 | 261,470 | 11,989 | 105% |
| Sale of Tamper-Proof seals | 3,627 | 7,288 | 10,915 | 17,781 | 6,866 | 163% |
| Rent receivable | 8,779 | 1,938 | 10,718 | 9,876 | (842) | 92% |
| Public Overtime | 279 | 0 | 279 | 265 | (14) | 95% |
| Institutional houses - rent | 181,544 | (28,897) | 152,647 | 182,583 | 29,936 | 120% |
| KESRA Income | 349,757 | (36,788) | 312,969 | 319,097 | 6,127 | 102% |
| Miscellaneous Income | 99,311 | (0) | 99,311 | 199,411 | 100,100 | 201% |
| Total Receipts | 643,298 | (56,459) | 586,839 | 729,012 | 142,173 | 124% |
| PAYMENTS | 29,121,912 | 8,974,724 | 38,096,636 | 39,814,024 | 1,717,388 | 105% |
| Administrative expenses | 11,857,444 | 2,668,892 | 14,526,336 | 14,521,331 | (5,005) | 100% |
| Basic pay | 5,966,533 | 1,849,854 | 7,816,387 | 7,813,573 | (2,813) | 100% |

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| | ADJUSTED BUDGET JUNE 2025 KSHS '000 | ADJUSTMENTS | FINAL APPROVED BUDGET JUNE 2025 KSHS '000 | ACTUAL BASIS JUNE 2025 KSHS '000 | COMPARABLE BASIS JUNE 2025 KSHS '000 | PERFORMANCE DIFFERENCE JUNE 2025 KSHS '000 | PERCENTAGE OF UTILIZATION JUNE 2025 (%) |
|---|-------------------------------------|------------------|---|----------------------------------|--------------------------------------|--|---|
| Medical Expenses | 2,009,331 | 1,091,625 | 3,100,956 | 3,099,876 | (1,080) | 100% | |
| Staff Welfare Expenses | 16,745 | 5,890 | 22,634 | 22,455 | (179) | 99% | |
| Training Expenses | 40,355 | 228,513 | 268,868 | 267,193 | (1,675) | 99% | |
| Travel & Accommodation | 478,094 | 270,701 | 748,795 | 738,246 | (10,549) | 99% | |
| Utilities Expenses | 620,047 | 96,628 | 716,675 | 711,124 | (5,551) | 99% | |
| Computer Software | 1,510,663 | 325,562 | 1,836,225 | 1,834,537 | (1,689) | 100% | |
| Computer Expenses | 22,637 | 38,051 | 60,689 | 58,980 | (1,708) | 97% | |
| Security Expenses | 601,497 | 212,384 | 813,881 | 808,719 | (5,162) | 99% | |
| Insurance Expenses | 489,280 | 297,511 | 786,791 | 782,874 | (3,917) | 100% | |
| Consultancy | 248,536 | 225,602 | 474,138 | 470,448 | (3,690) | 99% | |
| e-Seals maintenance | 679,372 | (13,305) | 666,067 | 662,213 | (3,854) | 99% | |
| Conference Expenses | 35,452 | 89,800 | 125,251 | 124,175 | (1,076) | 99% | |
| Office Running Expenses | 441,883 | 127,849 | 569,731 | 562,151 | (7,580) | 99% | |
| Printing & Stationery Expenses | 34,267 | 26,944 | 61,211 | 60,719 | (492) | 99% | |
| Enforcement Expenses | 29,365 | 698 | 30,064 | 29,923 | (140) | 100% | |
| Depreciation Provision | - | - | - | 1,518,099 | 1,518,099 | 100% | |
| Operating Expenses | 25,081,502 | 7,543,199 | 32,624,701 | 34,086,636 | 1,461,935 | 100% | |
| Uniform & Laundry Expenses | 40,082 | (22,656) | 17,427 | 15,898 | (1,529) | 91% | |
| Rents & Rates | 1,025,121 | 537,691 | 1,562,812 | 1,559,533 | (3,280) | 100% | |
| Publicity & Advertising | 173,083 | 219,015 | 392,098 | 390,618 | (1,480) | 100% | |
| Taxpayers Education | 25,734 | 14,119 | 39,853 | 39,377 | (476) | 99% | |
| Legal & Secretarial Expenses | 18,198 | 25,766 | 43,964 | 43,547 | (417) | 99% | |
| Motor Running Expenses | 271,299 | 227,053 | 498,352 | 497,460 | (893) | 100% | |
| Bank Charges | 36,518 | (31,967) | 4,551 | 3,581 | (970) | 79% | |
| Laboratory Expenses | 6,750 | (2,032) | 4,718 | 3,378 | (1,340) | 72% | |
| Maintenance Expenses | 1,596,785 | 966,991 | 2,563,776 | 2,553,392 | (10,384) | 100% | |
| Building Repairs & maintenance | 73,837 | 125,450 | 199,287 | 198,383 | (904) | 100% | |
| Motor boat running Expenses | 8,704 | 4,755 | 13,459 | 13,376 | (83) | 99% | |
| Scanner Expenses | 1,136,196 | 194,311 | 1,330,507 | 1,403,517 | 73,010 | 105% | |
| Board Expenses | 1,218,738 | 324,516 | 1,543,254 | 1,615,276 | 72,022 | 105% | |
| Total Payments | 34,237 | 19,848 | 54,085 | 32,023 | (22,062) | 59% | |
| Legal provision and Car Loan Backup Funds | 27,931,261 | 8,854,555 | 36,785,816 | 38,287,328 | 1,501,512 | 100% | |
| | | 40,000 | 40,000 | (40,000) | 0% | | |

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| | | | | | | |
|-------------------------------------|-------------------|------------------|-------------------|-------------------|------------------|------|
| Capital and Development expenditure | 1,190,651 | 80,170 | 1,270,821 | 1,420,944 | 150,124 | 112% |
| Total Budget | 29,121,912 | 8,974,725 | 38,096,637 | 39,708,273 | 1,611,636 | |
| SURPLUS FOR THE PERIOD | - | - | - | 105,752 | 105,752 | |

Notes:

- 1) Depreciation is not a budget item hence not factored in the calculation of percentage of utilization.
- 2) The over-expenditure in scanner expenses and Capital development expenditure are as a result of prior period commitments charged to the budget in the prior period but paid in the current year.

| Budget Reconciliation | | | | | | |
|--|--|------------------|--|--|--|--|
| Description of Particulars | | | | | | |
| Actual Surplus Amounts as per the statement of Budget | | | | | | |
| Reason for differences | | | | | | |
| Depreciation and Amortization | | 1,518,099 | | | | |
| Decrease in Deposits and advances | | (97,596) | | | | |
| Provision for doubtful debts | | 250,748 | | | | |
| Increase in Insurance refunds | | (97,042) | | | | |
| Decrease in Excise stamps payables | | (158,445) | | | | |
| Other funds | | (2,641) | | | | |
| Purchase of stocks | | 8,750 | | | | |
| Loss on disposal | | (11,606) | | | | |
| Deferred Income Amortization | | (1,025,337) | | | | |
| Donor project funding | | 300,145 | | | | |
| | | 685,075 | | | | |
| Opening balance as per cash flow statement | | | | | | |
| Closing Cash and Cash Equivalent as per the statement of Cash flows | | 3,819,560 | | | | |

**Kenya Revenue Authority
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i. Notes to the Financial Statements

1. General Information

Kenya Revenue Authority (KRA) is a statutory body established by an Act of Parliament, KRA Act Cap 469 of 1995.

The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

The Authority's objectives are the assessment and collection of revenue, administration, enforcement of laws relating to and accounting for revenue collected under the Act

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, intangible assets, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1 (o).

The financial statements have been prepared and presented in Kenya Shillings which is the functional and reporting currency of the Authority and all values are rounded to the nearest thousand (Kshs. 000).

The financial statements have been prepared in accordance with the PFM Act, the Kenya Revenue Authority Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

New standards and amendments to published standards effective for the year ended 30 June 2025

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. Relevant new standards and amendments published but not yet effective for the year ended 30 June 2025

| Standard | Effective date and impact: |
|------------------|--|
| IPSAS 43: Leases | <p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present</p> |

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| Standard | Effective date and impact: |
|--|--|
| | <p>information on right of use assets and lease liabilities.</p> <p><i>The standard will have a significant impact on the accounting treatment of operating leases by the Authority.</i></p> |
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The standard will have no impact on the Financial Statements of the Authority due to no assets held for sale and discontinued operations.</i></p> |
| IPSAS 45- Property Plant and Equipment | <p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The standard will have significant no impact on the Financial Statements of the Authority due to no heritage assets and infrastructure assets.</i></p> |
| IPSAS 46 Measurement | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; |

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| Standard | Effective date and impact: |
|--|---|
| | <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The standard will have low impact on the Financial Statements of the Authority, as there are currently no assets recognized at current operational value.</i></p> |
| IPSAS 47- Revenue | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard will have low impact on the Financial Statements of the Authority and will involve the re-categorization of the various revenues to the recommended accounting model.</i></p> |
| IPSAS 48- Transfer Expenses | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>Management is assessing the impact of this Standard to the Financial Statements of the Authority.</i></p> |
| IPSAS 49- Retirement Benefit Plans | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>Management is assessing the impact of this Standard to the Financial Statements of the Authority.</i></p> |

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iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2024/2025.

4. Summary of Significant Accounting Policies

(a) Revenue Recognition

i. Revenue from non- exchange transactions

Deferred grant income

Deferred incomes comprise of inflows of economic benefits or services received/receivable from assets donated to the Authority. These are recognized as incomes once all the donor conditions are met.

Agency Grants

In accordance with the Kenya Revenue Authority Act CAP 469, income to the Authority is “such amounts not exceeding 2% as may be determined by the Minister each financial year” of the total estimated revenue to be collected by the Authority on behalf of the Exchequer. In addition, the Authority is entitled to a Bonus of 3% of the surplus revenue collected above the estimates.

ii. Revenue from exchange transactions

Finance Revenue

Finance revenue comprises interest receivable on fixed and security deposits. The revenue is recognised as it accrues in using the effective yield method. Interest income is derived from short term placements held in approved commercial banks.

Rental income

Rental income is recognised on a straight line basis over the lease term.

Commission revenue

Commission income comprises agency fees charged on collections made on behalf of other regulatory bodies.

Other operating income

Other income is recognised when significant risks and rewards of ownership are transferred to the recipient and the amounts of revenue can be reliably measured.

Development funding and capital grants by the Treasury

Grants by the Treasury in form of assets or funding for acquisition of major assets or development projects are recognized as a financing reserve when received. No repayment of the financing is expected by the Authority.

Property, Plant and Equipment

All categories of property, plant and equipment are stated at cost or valuation less accumulated depreciation and annual impairment losses. Depreciation is calculated to write off the cost or valuation of each asset to its residual value where applicable, over the expected useful life of the asset in equal instalments. Depreciation is prorated from the month of purchase but no charge is made in the month of disposal.

The estimated useful life is as follows: -

| | |
|------------------------------|-------------------------------------|
| Plant & Machinery | 8 years |
| Equipment/Furniture/Fittings | 8 years |
| Equipment – Loose Tools | 5 Years |
| Boats | 8 years |
| Motor Vehicles | 5 years (with a 10% residual value) |

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| | |
|-------------------|---------------------------------|
| Computers | 3 years |
| Intangible Assets | Indefinite |
| Buildings | 40 years |
| Leasehold land | Over the remaining lease period |

Gains or losses on property, plant and equipment are determined by reference to their carrying value and are taken into account in determining the surplus / (deficit) for the year.

Intangible Assets

Intangible assets consist of various computer software licences purchased or developed for use by the Authority. The Intangible Assets have an indefinite useful life as there is no foreseeable limit to the period over which the assets are expected to provide service potential to the Authority. The assets are reviewed for impairment at the end of each reporting period.

Cash and Cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and short-term deposits held with banks.

Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Kenya Shillings at the rate ruling on that date. The resulting foreign exchange gains and losses are recognized on a net basis, differences are dealt with in the income and expenditure statement in the financial year in which they arise.

Employee benefits costs

(i) Retirement benefit obligations

The Authority operates a hybrid pension scheme with a defined contribution plan for the permanent and pensionable employees. Payments to the scheme by the Authority are recognised as an expense when employees have rendered service entitling them to the contributions. The scheme is funded by contributions from both the entity and the employees. The entity and all employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

ii) Other entitlements

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for outstanding leave at the reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handing charges, and is determined on the weighted average price. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

Receivables

Receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Objective evidence of impairment of the receivables is when there is significant financial difficulty of the counter party or when there is a default or delinquency in payment according to agreed terms. When a receivable is considered uncollectible it is written off. Subsequent recoveries of amounts previously written off are credited in the Statement of Financial Performance. Changes in the carrying amount of the allowance account are recognized in the Statement of Financial Performance.

Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer), otherwise they are presented as non-current liabilities.

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

Provisions

Provisions for liabilities are recognized when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

(b) Budget information

The KRA Board of Directors approved the original budget for FY 2024-2025 on 22nd August 2024. The initial funding allocation by the National Treasury (TNT) for FY 2024/25 was insufficient to support operations i.e. staff costs, existing contracted services and other revenue operational costs up to the end of the Financial Year. The funds were expected to last a maximum of 8 months to February 2025.

An additional funding of Kshs. 8 Billion was allocated by the National Treasury to cater for the Budget Deficit for revenue mobilization operations and a Revised Budget approved by the Board on 23rd January 2025.

In addition, the Authority also projected to realize Surplus AIA of Kshs 405 Million, mainly from the good performance in the Road Maintenance Levy Agency revenue. The total additional funding in the Revised Budget FY 2024/25 was therefore Kshs 8.4 Billion.

The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under page 57 of these financial statements.

(c) Nature and Purpose of Reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority has created Capital Grants from the National Treasury reserves to represent the National Treasury's input by directly funding capital development for the Authority.

The Revaluation reserves represent the surplus arising from the revaluation of the Authority's Property, Plant and Equipment.

(d) Related Parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

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(e) Critical Accounting Estimates and Judgements in applying the Authority's accounting policies

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

Critical accounting judgments in applying the Authority's policies

Impairment losses

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Plant and equipment

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Contingent liabilities

The directors evaluate the status of any exposures on a regular basis to assess the probability of the entity incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

(f) Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year.

5. Revenue from Non-Exchange Transactions

a) Deferred Grant Income

| | 2024/2025 Kshs 'ooo | 2023/2024 Kshs 'ooo |
|--|-------------------------------|-------------------------------|
| Amortisation of grants deferred Income | 1,789,054 | 500,888 |
| | 1,789,054 | 500,888 |

Deferred incomes are the inflows of economic benefits or services received/receivable from assets donated to the Authority. They are recognized as incomes once all the donor conditions are met.

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b) Agency Grants

| | 2024/2025 | 2023/2024 |
|---------------|-------------------|--------------------------|
| | Kshs 'ooo | (Re-stated) Kshs 'ooo |
| Agency Grants | 32,176,936 | 29,901,566 |
| | 32,176,936 | 29,901,566 |

The Agency Grant is provided for in accordance with the provisions of the Kenya Revenue Authority Act CAP 469 Section 16.

6. Revenue from Exchange Transactions

a. Commissions Income

| | 2024/2025 | 2023/2024 |
|---|------------------|------------------|
| | Kshs 'ooo | Kshs 'ooo |
| Road Maintenance Levy Commission | 2,393,240 | 1,585,574 |
| Aviation Revenue Commission | 1,484 | 13,684 |
| Air Passenger Service Charge Commission | 360,523 | 339,403 |
| KEBS & Sugar Levy Agency Income | 14,078 | 12,139 |
| Road Transit Toll | 39,177 | 41,231 |
| National Transport & Safety Authority Commission | 9,488 | 6,705 |
| Petroleum Development Levy | 527,468 | 483,162 |
| CAA Concession Fees | 3,347 | 3,357 |
| Petroleum Regulatory Levy | 72,850 | 39,311 |
| Merchant Shipping Service Levy | 41,039 | 42,809 |
| Solatium Agency Commission | 8,517 | 5,236 |
| National Housing Development Levy | 397,219 | 708,363 |
| National Industrial Training Authority Commission | 30,124 | 24,627 |
| | 3,898,556 | 3,305,600 |

The Commissions Income represents amounts earned on agency revenue collections as per the Service Level Agreements (SLAs) with the principals.

- The increase in Road Maintenance Levy Commission is attributable to the good performance in revenue and also the review of RML rate from Kshs 18 to Kshs 25 per litre of fuel hence increase in commission arising therefrom.
- The decrease in Aviation Revenue Commission is attributable to the expiry of the agency collection with the Kenya Civil Aviation Authority. KRA no longer collects the Revenue.
- The increase in Air Passenger Service Charge Commission and Petroleum Development Levy is attributable to increase in revenue collection performance.
- The increase in Petroleum Regulatory Levy Commission is attributable to upward review of the rate from Kshs 0.25 to 0.75 per litre of petroleum.
- The decrease in National Housing Development Levy (NHDL) commission is attributed to reduced commission rate from 2% to 0.5%.

b. Interest Income

| | 2024/2025 | 2023/2024 |
|-------------------------------|------------------|------------------|
| | Kshs 'ooo | Kshs 'ooo |
| Interest on Fixed Deposits | 236,548 | 152,809 |
| Interest on Security Deposits | 16,250 | 24,944 |
| | 252,798 | 177,752 |

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Interest Income consists of income from deposits placed on Short Term Fixed Deposits and on Security Deposits on back up funds on staff mortgage and staff car loan schemes. The increase in interest income is attributable to increase in interest rates in the period.

c. Other Incomes

| | 2024/2025 Kshs 'ooo | 2023/2024 Kshs 'ooo |
|-----------------------------|-------------------------------|-------------------------------|
| Sale of Tamperproof Seals | 18,430 | 13,486 |
| Public Overtime | 580 | - |
| Staff Housing Rental Income | 182,583 | 181,544 |
| Property Rental Income | 9,795 | 8,779 |
| KESRA Incomes | 319,097 | 294,031 |
| Insurance Commission | 7,034 | 7,039 |
| Miscellaneous Income | 59,768 | (76,780) |
| | 597,287 | 428,100 |

Miscellaneous income consists of income from sale of tender documents, staff identity cards and gains / losses on foreign exchange on payments.

The increase in miscellaneous incomes is due to reduction on foreign exchange losses arising from payments to foreign suppliers due to appreciation of the shilling.

7. Administrative Expenses

a. Staff and Employee Costs

| | 2024/2025 Kshs 'ooo | 2023/2024 Kshs 'ooo |
|---|-------------------------------|-------------------------------|
| Salaries & Allowances | 22,274,377 | 22,389,056 |
| Medical Expenses | 2,724,217 | 2,147,127 |
| Provision for Staff Leave | 39,886 | (102,256) |
| Provision for Staff Contract Gratuity & Severance Pay | (171,380) | 78,942 |
| Provision for Staff on Suspension | (12,171) | (67,325) |
| | 24,854,929 | 24,445,544 |

b. Other Administrative Expenses

| | 2024/2025 Kshs 'ooo | 2023/2024 (Restated) Kshs 'ooo |
|---------------------------------------|-------------------------------|---|
| Travelling & Accommodation | 721,790 | 842,732 |
| Utilities | 623,579 | 662,767 |
| Staff Welfare | 20,884 | 22,035 |
| Printing & Stationery | 61,442 | 56,243 |
| Consultancy | 459,470 | 373,493 |
| Electronic Seals Managements Services | 582,494 | 655,728 |
| Computer Expenses | 1,385,735 | 1,221,719 |
| Training | 205,772 | 240,089 |
| Office Running Expenses | 545,223 | 502,809 |
| Insurances | 508,785 | 346,170 |
| Conference Expenses | 103,285 | 120,579 |
| Security Expenses | 1,017,563 | 843,574 |
| Enforcement Expenses | 30,661 | 28,087 |
| Depreciation Charge | 1,518,099 | 548,605 |
| Amortisation of Intangible Assets | - | 100,157 |
| | 7,784,781 | 6,564,790 |
| TOTAL ADMINISTRATIVE EXPENSES | 32,639,711 | 31,010,333 |

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- The details of the restated FY 2023/2024 are disclosed in note 24 (prior period adjustment).
- The decrease in salaries and allowances is attributable to a decrease in staff numbers comparatively.
- The increase in medical expenses is attributable to increased medical cases.
- The decrease in Travel and Accommodation is attributable to decreased travel for field operations, technical meetings, international conferences and trainings in line with the austerity measures implemented in the period.
- The increase in consultancy is attributed to increase in training collaboration by KESRA in the financial period.
- The decrease in staff welfare and training is attributable to reduced funding and austerity measures implemented in the period.
- The decrease in Electronic seal management services is attributable to the reduction in number of seals maintained.
- The increase in computer expenses is attributable to increase in maintenance and costs of licenses.
- The increase in insurance expenses is mainly attributable to revaluation of assets in May 2024.
- The increase in security expenses is attributable to accrual of security services offered by Administration Police.
- The increase in depreciation charge is due to the revaluation of the Authority's Assets in June 2024.
- The decrease in amortisation of intangible assets is attributable to the change in depreciation policy from 3 years to indefinite.

8. Operating Expenses

| | 2024/2025 | 2023/2024 (Restated) |
|--------------------------------|------------------|---------------------------------|
| | Kshs '000 | Kshs '000 |
| Rent & Rates | 1,204,435 | 1,190,121 |
| Taxpayer Education | 32,756 | 33,228 |
| Motor Running Expenses | 439,019 | 519,611 |
| Advertising & Public Relations | 347,258 | 168,407 |
| Secretarial Expenses | 43,047 | 37,849 |
| Uniforms & laundry | 11,269 | 77,548 |
| Provision for Doubtful Debt | 326,373 | 2,392 |
| Bank Charges | 27,480 | 38,869 |
| Laboratory Expenses | 2,952 | 10,087 |
| | 2,434,589 | 2,078,111 |

- The details of the restated FY 2023/2024 are disclosed in note 24 (prior period adjustment).
- The increase in Rent and Rates is due to escalation in the lease agreements.
- The decrease in motor vehicle expenses is attributable to reduced maintenance of units and in fuel costs.
- The increase in Advertising and Public relations expenses is attributable to the eTims and Tax Amnesty campaigns.
- The increase in secretarial expenses is attributable to increased activities in the period.
- The decrease in uniforms and laundry expenses is attributable to timing differences. There was procurement of uniforms for the Revenue Services Assistants in the comparative period.
- The increase in provision for doubtful debts is attributable to a provision for the Nairobi City County Government debt for revenue collection on behalf for the period June 2020 to October 2022.

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9. Maintenance Expenses

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|--------------------------------|-------------------------------|-------------------------------|
| Building Repairs & Maintenance | 184,755 | 179,502 |
| Scanner Expenses | 976,545 | 1,241,180 |
| Motor Boat Expenses | 9,175 | 10,062 |
| | <u>1,170,474</u> | <u>1,430,744</u> |

- The decrease in scanner expenses is attributable to the decommissioning of two (2) scanners and favorable exchange rate in the current period.

(a) Scanner expenses

| | Kshs '000 | Kshs '000 |
|-----------------------------|-----------------------|-------------------------|
| Annual Maintenance Contract | 104,695 | 56,370 |
| Scanner Leasing Expenses | <u>871,849</u> | <u>1,184,810</u> |
| | <u>976,545</u> | <u>1,241,180</u> |

The Authority has 7 leased scanners for use at the border/entry and exit points.

10. Board Expenses

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|---------------------------------|-------------------------------|-------------------------------|
| Directors' fees | 8,741 | 11,358 |
| Sitting Allowances | 9,751 | 9,145 |
| Accommodation & Travel Expenses | 12,177 | 10,876 |
| Insurance Expenses | <u>1,271</u> | <u>1,231</u> |
| | <u>31,940</u> | <u>32,612</u> |

11. Loss on Sale of Assets

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|-------------------------------|-------------------------------|-------------------------------|
| Property, Plant and Equipment | (949) | (28,473) |
| Intangible assets | - | - |
| Other assets not capitalized | - | - |
| | <u>(949)</u> | <u>(28,473)</u> |

The loss on disposal relates to sale of generator and office equipment, furniture & fittings.

12. Impairment Loss

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|-------------------------------|-------------------------------|-------------------------------|
| Property, Plant and Equipment | (11,337) | - |
| Intangible assets | - | - |
| Other assets not capitalized | - | - |
| | <u>(11,337)</u> | <u>-</u> |

During the year, the Authority impaired a motor vehicle, office equipment, furniture & fittings and computers following the vandalism and malicious damage arising from political riots.

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13. Cash and Bank Balances

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|----------------|-------------------------------|-------------------------------|
| Cash in Hand | 1,873 | 2,144 |
| Cash at Bank | 441,039 | 743,165 |
| Fixed Deposits | 3,376,649 | 2,283,424 |
| | 3,819,560 | 3,028,733 |

The fixed deposits are made up of one month deposits in the commercial banks shown below. The maturity period for the deposits is between July and August 2025. The funds are fully committed against creditors (note 17), ongoing commitments (note 21) and various funds held by the Authority at the end of the financial year.

The analysis of Cash in Hand is as below;

Cash in Hand

| Station | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|----------------|-------------------------------|-------------------------------|
| Nairobi | 500 | 500 |
| Mombasa | 200 | 200 |
| Machakos | 40 | 40 |
| Thika | 79 | 50 |
| Nyeri | 50 | 50 |
| Kisumu | 200 | 200 |
| Namanga | 50 | 50 |
| Nakuru | 200 | 200 |
| Eldoret | 200 | 200 |
| Embu | 60 | 60 |
| Garissa | 40 | 40 |
| KESRA NBI | - | 300 |
| KESRA MSA | 150 | 150 |
| JKIA | 64 | 64 |
| Meru | 40 | 40 |
| | 1,873 | 2,144 |

The analysis of Cash at Bank is as below;

Cash at Bank

| Station | Account No. Bank | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|--|--|-------------------------------|-------------------------------|
| Nairobi Main Account | 01023015000000 National Bank of Kenya | 241,695 | 379,085 |
| Nairobi Dollar Account | 002023015000800 National Bank of Kenya | 86,648 | 48,937 |
| Excise Stamps Account | 01023121375100 National Bank of Kenya | 55,032 | 213,481 |
| KRA East African Regional Transport Account | 01020014867900 National Bank of Kenya | 47 | 51,181 |
| Horn of Africa Gateway Development Project | 01071233555600 National Bank of Kenya | 29,206 | 13,728 |
| Kenya School of Revenue Administration Account - Nairobi | 01023015000900 National Bank of Kenya | 0 | 8,309 |
| Kenya School of Revenue Administration Dollar Account | 02020015000900 National Bank of Kenya | 0 | 12,130 |
| Kenya School of Revenue Administration Account - Mombasa | 01071015000900 National Bank of Kenya | 363 | 8 |
| Kenya School of Revenue Administration Account - Nairobi | 01136743362900 COOP Bank | 17,662 | 2,574 |
| Mombasa Account | 0100157035200 National Bank of Kenya | 4,947 | 5,029 |
| Nyeri Account | 01001043153000 National Bank of Kenya | 1,238 | 789 |
| Kisumu Account | 01023024672900 National Bank of Kenya | 785 | 3,829 |
| Nakuru Account | 01001020365300 National Bank of Kenya | 960 | 1,078 |
| Eldoret Account | 01023028526700 National Bank of Kenya | 1,467 | 1,032 |
| Embu Account | 01023068681400 National Bank of Kenya | 662 | 1,382 |
| Thika Account | 01023076219300 National Bank of Kenya | 59 | 260 |
| JKIA Account | 01003058936400 National Bank of Kenya | 17 | 119 |
| Machakos Account | 01023078537500 National Bank of Kenya | 78 | 32 |
| Garissa Account | 01001079045300 National Bank of Kenya | 146 | 109 |
| Namanga Account | 112179674 Kenya Commercial Bank | 24 | 1 |
| Meru Account | 01023040511600 National Bank of Kenya | 2 | 72 |
| | | 441,040 | 743,165 |

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Fixed Deposits

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|-----------------------------------|-------------------------------|-------------------------------|
| National Bank of Kenya | - | 355,449 |
| Cooperative Bank of Kenya | 1,327,195 | 900,000 |
| Kenya Commercial Bank | 2,049,454 | 651,851 |
| KESRA - Cooperative Bank of Kenya | - | 376,124 |
| | 3,376,648 | 2,283,425 |

14. Stocks

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|--------------------------------|-------------------------------|-------------------------------|
| General Stationery | 37,926 | 40,641 |
| Printed Stores Inventory | 2,530 | 3,663 |
| Computer Consumable Inventory | 33,659 | 38,116 |
| Miscellaneous Stores Inventory | 9,746 | 10,189 |
| | 83,861 | 92,610 |

15. Receivables

| | 2024/2025 Kshs '000 | 2023/2024 Restated Kshs '000 |
|---|-------------------------------|---|
| Trade Debtors | | |
| Other Agency debtors | 577,828 | 472,951 |
| Rent Receivable | 73,233 | 73,314 |
| Interest Receivable | 12,028 | 20,701 |
| | 663,089 | 566,966 |
| Other Debtors | | |
| Staff Debtors | 165,946 | 267,693 |
| Prepayments | 255,584 | 307,396 |
| Other Debtors | 21,991 | 12,358 |
| | 443,521 | 587,447 |
| Debtors Total | 1,106,611 | 1,154,413 |
| <i>Less:</i> | | |
| Provision for Doubtful Debt - Trade Debtors | (399,605) | (73,232) |
| Provision for Doubtful Debt - Other debtors | (2,392) | (2,391) |
| | (401,997) | (75,623) |
| Net debtors | 704,614 | 1,078,790 |

Ageing analysis for Receivables

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|--------------------|-------------------------------|-------------------------------|
| | % | % |
| Less than 1 year | 490,590 | 44% |
| Between 1- 2 years | 177,811 | 16% |
| Between 2-3 years | 49,449 | 4% |
| Over 3 years | 388,761 | - |
| | 1,106,611 | 1,153,905 |
| | 100% | 100% |

- Other agency debtors represent outstanding commission on collection of revenues on behalf of other organisations. Staff debtors mainly comprise of outstanding travel imprests, loans for acquisition of laptops and medical advances.

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- The decrease in prepayment is attributable to the settlement of advance payments for insurance premiums, rent and other services paid in the previous year.
- The provision for doubtful debt of Kshs. 399.6 million relates to commission earned from Nairobi City County Government (NCCG) for revenue collections (the period June 2020 to October 2022) of Kshs. 326 million, rent receivables from premises in Wilson Airport and Forodha house of Kshs. 73.2 million and amounts owed by former staff members who have since left the Authority whose collectability is uncertain of Kshs. 2.4 million. The NCCG debt and the rent receivable have been fully provided for as the recoverability of full amounts is doubtful.
- The Authority also earned a commission of Kshs. 447 million for collection and remittance of Nairobi City County Government (NCCG) revenue collections in the period November 2022 to August 2024. The Authority is engaging the NCCG in order to collect the commission, which accrued outside the contracted period and the amount is yet to be recognized as a receivable.

16. Property, Plant and Equipment.

(i) Asset movement schedule (Restated)

| | BUILDINGS KSHS'000' | LAND KSHS'000' | PLANT & MACHINERY KSHS'000' | MOTOR VEHICLE KSHS'000' | OFFICE EQUIPMENTS & FURNITURE KSHS'000' | LOOSE TOOLS KSHS'000' | COMPUTERS & OTHER ICT EQUIPMENT KSHS'000' | MOTOR BOATS KSHS'000' | WIP KSHS'000' | TOTAL KSHS'000' |
|--------------------------------------|------------------------|-------------------|-----------------------------------|-------------------------------|--|--------------------------|--|-----------------------------|------------------|--------------------|
| COST | | | | | | | | | | |
| 1 July 2024 | 10,583,377 | 12,851,065 | 2,134,711 | 960,617 | 1,064,232 | 2,418,815 | 1,021,175 | 135,127 | 935,509 | 32,104,629 |
| Adjustment | (219,683) | | 40 | 11,098 | | (36) | | | | (208,582) |
| Additions | 324,973 | 105,016 | 19,589 | 71,753 | 46,071 | | 108,623 | 12,000 | 294,945 | 982,970 |
| Transfer of WIP | 560,274 | | 21,450 | 4,051 | | | 587,626 | | (1,173,410) | |
| Disposal | | | (750) | (1,833) | (10,660) | (2,346) | | | | (15,588) |
| 30 June 2025 | 11,243,941 | 12,956,080 | 2,175,050 | 1,045,686 | 1,099,643 | 2,418,779 | 1,715,078 | 147,127 | 57,043 | 32,863,429 |
| DEPRECIATION | | | | | | | | | | |
| 1 July 2024 | 175,426 | 0 | - | 8,331 | 6,995 | 1,387,042 | 69,356 | - | - | 1,647,150 |
| Adjustment | (175,000) | | | 11,098 | | (36) | | | | (163,938) |
| Charge for the Year | 325,798 | 178,320 | 268,585 | 180,297 | 131,334 | 431,940 | 368,539 | 17,391 | | 1,902,205 |
| Disposal | | | (70) | (269) | (1,318) | | (765) | | | (3,422) |
| | 326,224 | 178,320 | 268,515 | 199,456 | 137,011 | 1,818,946 | 437,131 | 17,391 | | 3,382,995 |
| NET BOOK VALUES: | | | | | | | | | | |
| 30 June 2025 | 10,922,717 | 12,777,760 | 1,906,535 | 846,229 | 962,632 | 599,833 | 1,277,947 | 129,737 | 57,043 | 29,480,435 |
| COST | | | | | | | | | | |
| 1 July 2023 | 15,241,117 | 9,399,300 | 4,665,937 | 1,255,233 | 1,388,820 | 2,198,088 | 1,234,890 | 406,674 | 780,669 | 36,570,729 |
| Adjustments | (44,683) | | | 55,626 | - | - | - | | 31,912 | 42,855 |
| Additions | 17,874 | 52,300 | 40 | 170,975 | 150,077 | 220,727 | 95,027 | | | 585,807 |
| Asset Revaluation Surplus/ (Deficit) | (2,504,558) | 4,126,197 | (638,923) | 331,150 | 125,905 | - | 631,131 | 72,847 | | 2,143,750 |
| Transfer / Adjustments | (2,346,055) | (726,733) | (1,882,004) | (799,228) | (640,223) | - | (1,148,102) | (339,617) | | (7,881,961) |
| Transfer of WIP | | | | 10,000 | 39,653 | - | 208,228 | | (257,881) | |
| Disposal | | | (10,209) | (7,513) | | | | (4,777) | (204,906) | (227,885) |
| 30 June 2024 | 10,363,694 | 12,851,065 | 2,134,751 | 1,016,243 | 1,064,232 | 2,418,815 | 1,021,175 | 135,127 | 935,510 | 31,940,611 |
| DEPRECIATION | | | | | | | | | | |
| 1 July 2023 | 2,346,055 | 726,732 | 1,882,004 | 799,228 | 640,223 | 923,546 | 1,148,102 | 339,617 | - | 8,805,507 |
| Adjustment | - | - | - | 55,626 | - | - | - | - | | 55,026 |
| Charge for the Year on Additions | 426 | - | - | 8,331 | 6,995 | 463,496 | 69,356 | - | | 548,604 |
| Transfer / Adjustments | (2,346,055) | (726,733) | (1,882,004) | (799,228) | (640,223) | - | (1,148,102) | (339,617) | | (7,881,961) |
| 30 June 2024 | 426 | 0 | - | 63,956 | 6,995 | 1,387,042 | 69,356 | - | | 1,527,777 |
| NET BOOK VALUES: | | | | | | | | | | |
| 30 June 2024 | 10,363,269 | 12,851,065 | 2,134,751 | 952,287 | 1,057,237 | 1,031,773 | 951,818 | 135,127 | 935,510 | 30,412,835 |

Included in the depreciation charge for the FY 2024-25 of Kshs. 1,902 Million is a depreciation charge on revaluation amounting to Kshs. 384 Million.

(ii) Land & buildings

The Authority received several leasehold properties (land and buildings) from the government at inception in 1995. The Authority was not required to pay for the property hence did not incur any cost on the same. To recognize the property in its books, the Authority undertook a professional valuation of the land and buildings in 1996 and the values were adopted in the Authority's statement of financial position. The assets were revalued again in the Financial Year 2016/17 and FY 2023/24 and the values adopted in the statements.

There are 4 properties which are disputed by other Government Agencies. These are 2 estates in Kisumu (Robert Ouko) and 2 pieces of land in Lunga Lunga and Busia. The dispute has been referred to the National Treasury's department of National Assets and Liabilities Management (NALM) for resolution. The Authority is yet to receive title documents for the 4 properties.

(iii) Revaluation of Property, Plant and Equipment

The Authority carried out a revaluation of Land & Buildings, Computers, Motor Vehicles, Motor Boats, Plant & Machinery and Office Equipment in May 2024, and has adopted the revalued amounts

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in the Statement of Financial Position. The valuation was done by internal professionally qualified valuers who adopted the Depreciated Replacement Cost approach method of valuation for all the classes apart from Land where the Market Comparable approach was adopted. The revaluation established the value of an asset in reference to recent comparable transactions involving sale of similar assets by ascertaining fair value in an active and liquid market. The revaluation surplus / deficits for individual items within these classes have been disclosed in the asset movement above.

(iii) Capital Work In Progress

| | 2024/25 | 2023/2024 |
|---|------------------|-------------------|
| | Kshs '000 | (Restated) |
| Property, Plant & Equipment | | |
| KESRA Renovation | 57,043 | 73,020 |
| Old Data Centre Refurbishment (Times Tower) | - | 294,333 |
| IT Infrastructure Upgrade | - | 11,806 |
| CBM Rehabilitation of Border Stations | - | 15,989 |
| Scanner Networking and Command Centre | - | 8,973 |
| Construction of Rapid Response Unit Offices | - | 427,664 |
| Ushuru Towers Fit Out Phase II | - | 103,724 |
| | 57,043 | 935,510 |

- KESRA Renovations: Swimming pool and renovation of conference room capitalized. Renovation of apartments ongoing.

17. Intangible Assets

The intangible assets are made up of different IT software in use by the Authority. The intangible assets were revalued in June 2025.

(i) Intangible Assets

| | Intangible Assets | Intangible Assets Under development | TOTAL |
|-----------------------|-------------------|--|------------------|
| | Kshs. 'ooo' | Kshs. 'ooo' | Kshs. 'ooo' |
| VALUATION | | | |
| 1 July 2024 | 3,619,510 | 1,734,660 | 5,354,170 |
| Less: Scrapped assets | (424,442) | - | (424,442) |
| | 3,195,068 | 1,734,660 | 4,929,728 |
| Revaluation | 4,869,768 | - | 4,869,768 |
| Adjustments | (3,175,016) | - | (3,175,016) |
| Additions | 246,255 | 82,202 | 328,457 |
| Transfer of WIP | 1,701,915 | (1,701,915) | - |
| 30 June 2025 | 6,837,992 | 114,947 | 6,952,938 |
| DEPRECIATION | | | |
| 1 July 2024 | 3,599,458 | - | 3,599,458 |
| Adjustment | (3,599,458) | - | (3,599,458) |
| 30 June 2025 | 6,837,992 | 114,947 | 6,952,938 |
| VALUATION | | | |
| 1 July 2023 | 3,619,510 | 1,615,760 | 5,235,270 |
| Additions | - | 143,524 | 143,524 |
| Impairment | - | (24,624) | (24,624) |
| 30 June 2024 | 3,619,510 | 1,734,660 | 5,354,170 |
| DEPRECIATION | | | |
| 1 July 2023 | 3,499,301 | - | 3,499,301 |
| Charge for the Year | 100,157 | - | 100,157 |
| | 3,599,458 | - | 3,599,458 |
| 30 June 2024 | 20,052 | 1,734,660 | 1,754,712 |

(ii) Intangible Assets under development

| | 2024/25 Kshs '000 | 2023/2024 Kshs '000 |
|---|-----------------------------|-------------------------------|
| Intangibles assets under development | | |
| Cyber Command Centre | 82,202 | - |
| Forensic & Invest. Tools | 32,745 | 32,745 |
| ICT Tools | - | 61,219 |
| CRM Tools | - | 8,614 |
| Datawarehouse and Business Intelligence | - | 557,866 |
| iScan Command Centre | - | 428,821 |
| Integrated Customs Management System | - | 637,319 |
| ITSM Tools | - | 4,437 |
| Case Management System | - | 3,638 |
| TOTAL | 114,947 | 1,734,660 |

- CRM Tools: Corporate Website Transformation capitalized. Queue Management System and CRM-Mobile Services ongoing.
- ICT Tools: Enterprises Resource Management system (ERM) capitalized.

18. Amount Due from Treasury

| | 2024/2025 Kshs '000 | 2023/2024 (Restated) Kshs '000 |
|-----------------------------|-------------------------------|---|
| 1 July | | |
| Accrued in the year | 1,090,000 | - |
| Amount received in the year | 32,176,936 | 29,901,566 |
| 30 June | (33,266,936) | (28,811,566) |
| | 1,090,000 | 1,090,000 |

Ageing analysis

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|------------------|-------------------------------|-------------------------------|
| | % | % |
| Less than 1 year | - | 1,090,000 |
| | - | 100% |
| | 1,090,000 | 100% |

The amount represents funding allocation / commitments by the National Treasury which have not been disbursed.

19. Security Deposits

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|-------------------------------------|-------------------------------|-------------------------------|
| Savings & Loan (k) Ltd | 2,147,550 | 2,135,738 |
| Housing Finance | 741,053 | 737,789 |
| National Bank of Kenya Ltd | 258,563 | 257,390 |
| Higher Education Loans Board (HELB) | 25,000 | 25,000 |
| | 3,172,166 | 3,155,916 |

The deposits with Savings & Loans, National Bank and Housing Finance are placed as security against staff mortgage advances and car loans. Included in the Kshs. 258 Million for National Bank of Kenya is an amount of Kshs. 179 Million for car loans. The balance of Kshs. 79 Million is for Mortgage advances. Deposits with HELB are placements against college fees issued to staff for further studies.

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20. Payables

A. Trade creditors and Payables

| | 2024/2025 | 2023/2024 |
|---------------------------------------|------------------|-------------------------------|
| | Kshs 'ooo | Restated Kshs 'ooo |
| Trade Creditors and Accounts Payable | 4,479,872 | 7,250,394 |
| Payroll Deduction and Staff Creditors | 212,337 | 179,105 |
| Excise stamps liability | 4,168,241 | 3,625,708 |
| Taxes | 150,219 | 127,489 |
| | 9,010,668 | 11,182,696 |

Trade creditors and accounts payables represent the outstanding payments to suppliers and other parties, Payroll deductions include outstanding amounts for statutory deductions, loans, SACCOS contributions and others. Staff creditors comprise of outstanding payments due to staff and funds for staff welfare associations.

Ageing analysis of payables

| | 2024/2025 | | 2023/2024 | |
|--------------------|------------------|-------------|-------------------|-------------|
| | Kshs 'ooo | % | Kshs 'ooo | % |
| Less than 1 year | 4,859,836 | 54% | 7,211,882 | 64% |
| Between 1- 2 years | 212,157 | 2% | 2,983,447 | 27% |
| Between 2-3 years | 2,965,346 | 33% | 881,590 | 8% |
| Over 3 years | 973,329 | 11% | 105,777 | 1% |
| | 9,010,668 | 100% | 11,182,696 | 100% |

B. Excise Stamps Liability

| | 2024/2025 | 2023/2024 |
|----------------|------------------|------------------|
| | Kshs 'ooo | Kshs 'ooo |
| Balance B/F | 3,625,708 | 4,793,736 |
| Total Accruals | 3,464,693 | 4,198,084 |
| Total Payments | (2,922,161) | (5,366,111) |
| Balance C/F | 4,168,241 | 3,625,708 |

Excise Stamps are supplied on a cost recovery model. The payable for the supply of the stamps is attributable to the disproportionate pricing model for the non-alcoholic beverages, which are priced below the cost of stamps, the depreciation of the Kenya Shilling against the Euro and the disproportionate volume mix between non-alcoholic and alcoholic beverages.

In order to mitigate the accumulation of further debt, the Authority has negotiated with the supplier on a revised pricing model and settlement of bills in local currency. Further, KRA has initiated the process of handing over the Excisable Goods Management System (EGMS) to KRA which would significantly reduce the price of the stamps and hence stop accumulation of further debt.

The Authority appealed to the National Treasury for the provision of funds to settle the debt and an allocation of Kshs. 2 Billion was provided in the Financial Year 2022/2023 Supplementary Budget with a further commitment to provide Kshs. 2.47 Billion in Financial Year 2023/2024 the Medium Term. The amounts have not been disbursed and the Authority is following up with the National Treasury for the settlement.

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21. Leave Pay, Contract Gratuity & Staff Provisions

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|-----------------------------------|-------------------------------|-------------------------------|
| Provision for staff leave | 519,099 | 479,213 |
| Provision for Gratuity | 1,048,307 | 1,216,715 |
| Provision for Staff on Suspension | 338,092 | 350,265 |
| Provision for Severance Pay | 128,912 | 131,882 |
| | 2,034,411 | 2,178,075 |

Leave pay provision is in respect of leave days earned by staff members but not taken as at 30th June 2025. Contract gratuity provision is in respect of gratuity accrued for staff on contract terms for the period to 30th June 2025. Provision for staff on suspension relates to unpaid accrued salaries and allowances for staff members who are on suspension. Provision for Severance Pay is for the Fixed Term Contract staff. The decrease in provision for severance pay is due to payment to staff who were converted to permanent and pensionable terms.

22. Deferred Grant Income Reconciliation

These relate to grants from the World Bank and other Donors under the Government of Kenya for projects to facilitate efficient and effective collection of taxes.

Deferred grant income reconciliation

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|-----------------------|-------------------------------|-------------------------------|
| At 1 July | 1,039,911 | 1,117,198 |
| Additions in the Year | 793,629 | 423,601 |
| Amortisation | (1,789,054) | (500,888) |
| At 30 June | 44,487 | 1,039,911 |
| Classified as: | | |
| Current | 36,284 | 500,888 |
| Non-Current | 8,203 | 539,023 |

The amounts represent assets and funds provided by Donors both directly or through the National Treasury towards reform and modernization programmes undertaken by the Authority in all departments for revenue enhancement and efficient service delivery.

23. Retirement Benefit Costs

During the year ended 30th June 2025, Kshs. 1.824 Million (2024 Kshs. 2,002 Million) was paid as contributions to the staff pensions scheme. The scheme changed from a defined benefit plan to a Defined Contribution Scheme with a defined benefit section and a defined contribution section with effect from 1 July 2005. Under the defined benefit scheme, the employer contribution on actuarial advice was maintained at 13.2% per member while a rate of 14% was adopted for the defined contribution scheme. Employees contribute 7.5% of their salaries for both sections of the scheme. The value of Net Assets available for benefits was Kshs. 36,731 Million as at 30th June 2025 as per the scheme's Financial Statements.

24. Capital Commitments

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|-----------------------------|-------------------------------|-------------------------------|
| Approved and contracted | 1,011,156 | 1,289,004 |
| Approved and not contracted | 148,240 | 2,836,951 |
| | 1,159,396 | 4,125,955 |

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25. Recurrent Commitments

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|---------|--------------------------------|--------------------------------|
| 30 June | 2,483,920 | 2,148,587 |

The above represents items and activities approved and contracted but not yet delivered.

26. Employees

The number of employees at the end of the year was;

| | June 2025 | June 2024 |
|---------------------------|------------------|------------------|
| Executive Contract Staff | 175 | 184 |
| Permanent & Pensionable | 7,773 | 7,567 |
| Fixed Term Contract Staff | 1,395 | 1,821 |
| | 9,343 | 9,572 |

27. Prior Period Adjustment

The prior year adjustments relate to post audit adjustments for the Financial Period 2023/2024 and in compliance with IPSAS 3 sub section 48-54.

Nature of the prior period adjustments

- The write off of the Amounts due from National Treasury of Kshs. 16,282 Million consists of undisbursed Agency Grants amounting to Kshs. 2,391 Million for FY 2023/24 and Kshs. 13,890 Million relating to FY 2022/23 and prior years. The amounts are not collectable.
- The correction of error of Kshs. 12.7 Million in WIP and Plant relates to a mis-posting of a lift upgrade amount which had been expensed.
- WIP has been split between PPE and Intangible Assets and an amount of Kshs. 1,735 Million transferred from PPE to Intangible Assets. Further, WIP assets amounting to Kshs. 1,086 Million were impaired in the year as they were not capital in nature.
- The adjustment for prepaid insurance is to recognize prepayments in FY 2022/2023 (Kshs. 192 Million) and FY 2023/2024 (Kshs. 249.8 Million). The amounts had been previously expensed.
- The accrual of security expenses amounting to Kshs. 435 Million is to recognize bills payable to the Administration Police Services payable after resolution of the outstanding matter.
- Designated Funds of Kshs. 91.6 Million received from the National Treasury for payment of legal fees have now been amortized to accumulated fund while Legal payments of Kshs. 33.5 Million previously charged to the Designated Funds have been expensed to operating expenses.
- Capital Grants of Kshs. 21,824 Million from National Treasury and Designated funds of Kshs. 58.2 Million have been amortized funds to accumulated fund.

Effects on the financial statement line items

The corrections have been applied retrospectively by restating the comparative figures for FY 2023/24. The effects of the restatements on the previously reported amounts is as follows:

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Statement of Financial Performance

| | As previously reported Kshs '000 | Prior period adjustments Kshs '000 | As Restated Kshs '000 |
|--------------------------------|---|--|--------------------------------|
| Agency Grant | 32,293,063 | (2,391,497) | 29,901,566 |
| Administrative Expenses | | | |
| Insurances | 403,920 | (57,749) | 346,171 |
| Security expenses | 766,559 | 77,015 | 843,574 |
| Computer expenses | 1,044,940 | 176,779 | 1,221,719 |
| Local accommodation | 837,603 | 5,129 | 842,732 |
| Local Training | 238,509 | 1,580 | 240,089 |
| Conference expenses | 119,771 | 808 | 120,579 |
| Enforcement | 20,017 | 70 | 28,087 |
| Operating Expenses | | | |
| Secretarial Expenses | 4,379 | 40,710 | 45,089 |
| Advertising | 165,063 | 3,344 | 168,407 |
| Laboratory expenses | 6,191 | 3,896 | 10,087 |
| Maintenance Expenses | | | |
| Building Repairs & Maintenance | 141,489 | 38,013 | 179,502 |

Statement of Financial Position

| | As previously reported Kshs '000 | Prior period adjustments Kshs '000 | As Restated Kshs '000 |
|---|---|---|-----------------------------|
| Non-Current Assets | | | |
| PPE- WIP | 3,756,075 | (2,820,566) | 935,509 |
| Intangible Assets- WIP | - | 1,734,660 | 1,734,660 |
| Receivables | | | |
| Prepayments | 57,653 | 249,743 | 307,396 |
| Amounts due from Treasury | 17,371,838 | (16,281,838) | 1,090,000 |
| Payables | | | |
| Trade Creditors and Accounts Payable | 6,815,397 | 434,997 | 7,250,394 |
| Designated funds | 58,157 | (58,157) | - |
| Statement of Changes in Net Assets | | | |
| Capital Grants by Treasury | 21,824,040 | (21,824,040) | - |
| Accumulated Fund | 3,689,492 | 4,284,555 | 7,974,047 |

Related Parties

Nature of Related Party Relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of Kenya Revenue Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include;

- i) The National Treasury
- ii) Key Management
- iii) Board of Directors

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During the year, the following transactions were carried out with related parties as analysed as follows:-

(a) Transaction

i) Government of Kenya

| | 2024/2025 Kshs 'ooo | 2023/2024 Kshs 'ooo |
|----------------|-------------------------------|-------------------------------|
| Capital Grants | - | 77,390 |
| Agency Grants | 32,176,936 | 29,901,566 |
| | <u>32,176,936</u> | <u>29,978,956</u> |

ii) Key management compensation

| | 2024/2025 Kshs 'ooo | 2023/2024 Kshs 'ooo |
|---|-------------------------------|-------------------------------|
| Salaries and other short - term employment benefits | 114,299 | 156,976 |
| | <u>114,299</u> | <u>156,976</u> |

iii) Directors' remuneration

| | 2024/2025 Kshs 'ooo | 2023/2024 Kshs 'ooo |
|------------------------------------|-------------------------------|-------------------------------|
| Fees and other Emoluments (note 7) | 31,940 | 32,610 |
| | <u>31,940</u> | <u>32,610</u> |

(b) Balances

Due (to)/from related parties

| | 2024/2025 Kshs 'ooo | 2023/2024 Kshs 'ooo |
|------------------------------------|-------------------------------|-------------------------------|
| Amount due from Treasury (note 15) | - | 1,090,000 |
| | <u>-</u> | <u>1,090,000</u> |

28. Cash Generated from Operations

| | 2024/2025 Kshs 'ooo | 2023/2024 Kshs 'ooo |
|--|-------------------------------|-------------------------------|
| Cash flows from operating activities | | (As restated) |
| Surplus/ Deficit) for the year | 2,425,631 | (266,367) |
| Non- cash movements | | |
| Depreciation | 1,518,099 | 548,604 |
| Amortisation of Intangible Assets | - | 100,157 |
| Decrease in Amortisation of Deferred Income | (1,295,570) | (500,888) |
| Decrease in Designated Funds | - | (91,627)) |
| Valuation of Assets | (105,016) | - |
| Gain Loss on disposal of Assets | 12,286 | 28,473 |
| Write - Off of Property Plant & Equipment | 211,547 | 229,621 |
| Increase in Security Deposits | (16,250) | (77,446) |
| (Increase) / Decrease in Stocks | 8,750 | (10,346) |
| Decrease / (Increase) in Debtors and receivables | 1,464,174 | (1,216,345) |
| Increase in Creditors, payables and Provisions | (2,206,174) | 2,490,344 |
| Net cash flows from operating activities | <u>2,017,478</u> | <u>1,234,180</u> |

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29. Financial Risk & Capital Management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The Authority's financial risk management objectives and policies are detailed below:

i. Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as agency and other receivables.

The carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to credit risk is made up as follows:

| | Fully | | | |
|------------------------|-------------------|------------------------|-------------------------|----------------------|
| | Total Kshs 000 | Performing Kshs 000 | Past Due Kshs 000 | Impaired Kshs 000 |
| At 30 June 2025 | | | | |
| Receivables | 1,030,987 | 704,614 | 326,373 | - |
| Security Deposits | 3,172,166 | 3,172,166 | - | - |
| Bank Balances | 3,819,560 | 3,819,560 | - | - |
| At 30 June 2024 | | | | |
| Receivables | 1,078,790 | 752,417 | 326,373 | - |
| Security Deposits | 3,155,916 | 3,155,916 | - | - |
| Bank Balances | 3,028,733 | 3,028,733 | - | - |

The credit risk associated with these receivables is minimal hence no allowance for uncollectible amounts has been recognised in the financial statements.

ii. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|------------------------|-------------------|--------------------|------------------|-------------------|
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| At 30 June 2025 | | | | |
| Trade payables | 2,810,502 | 265,941 | 3,899,814 | 6,976,257 |
| Provisions | 2,034,411 | | | 2,034,411 |
| Total | 4,844,913 | 265,941 | 3,899,814 | 9,010,668 |
| At 30 June 2024 | | | | |
| Trade payables | | 8,460,849 | 415,743 | 8,876,592 |
| Provisions | | | 2,306,104 | 2,306,104 |
| Total | | 8,460,849 | 2,721,847 | 11,182,696 |

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iii. Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit Committee.

The Authority's Corporate Risk Department is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

(a) Foreign currency risk

The Authority has transactional currency exposures. Such exposure arises from foreign denominated bank balances.

The carrying amount of the Authority's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | 2024/2025 Kshs '000 | 2023/2024 Kshs '000 |
|--------------------------------|-------------------------------|-------------------------------|
| KRA US Dollar Account (NBK) | 86,648 | 48,936 |
| KESRA US Dollar Account (NBK) | - | 12,129 |
| | <u>86,648</u> | <u>61,065</u> |
| Liabilities / Payables | - | - |
| Net Foreign currency liability | <u>86,648</u> | <u>61,065</u> |

(b) Interest rate risk

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The Authority's interest rate risk arises from fixed and security deposits. This exposes the Authority to cash flow interest rate risk.

(c) Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

(d) Sensitivity analysis

The Authority analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by five percentage (5% as a decrease/increase).

(e) Price risk

The Authority does not hold investments that would be subject to price risk; hence this risk not relevant.

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iv. Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

| Description | 2024/2025 | 2023/2024 |
|---|-------------------|-------------------|
| | Kshs'ooo | Kshs'ooo |
| Revaluation Reserve | 22,714,529 | 18,229,067 |
| Retained Earnings | 10,409,479 | 7,983,848 |
| Capital Reserve | - | - |
| Total Funds | 33,124,008 | 26,212,915 |
| Total Borrowings | - | - |
| Less: Cash and Bank Balances | (3,819,560) | (3,028,733) |
| Net Debt/(Excess Cash And Cash Equivalents) | (3,819,560) | (3,028,733) |
| Gearing | - | - |

30. Contingent Liabilities

These include:-

- Pending cases arising from Revenue and staff related matters. 33 undetermined cases have a specified claim amounting to Kshs 11,129 million while 9 cases have no specified quantum and will be determined by the Court after hearing. 6 cases amounting to Kshs 15 million have been concluded against the Authority and the National Treasury has been engaged to provide funds for settling the awards as they materialize.

| No. | Nature of case | Cases | |
|-----|-------------------------|---------------|----------------------------|
| | | Number | Amount (Kshs. 'ooo) |
| 1 | Concluded | 4 | 5,355 |
| 2 | Ongoing (Quantified) | 28 | 11,072,286 |
| 3 | Ongoing (Un-quantified) | 5 | - |
| | Sub-total | 37 | 11,077,641 |
| | Outstanding Fee Notes | 12 | 28,073 |
| | Total | | 11,105,714 |

31. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

32. Ultimate and Holding Entity

The Entity is a Semi-Autonomous Government Agency under the National Treasury. Its ultimate parent is the Government of Kenya.

33. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs 'ooo'.

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ii. Appendices

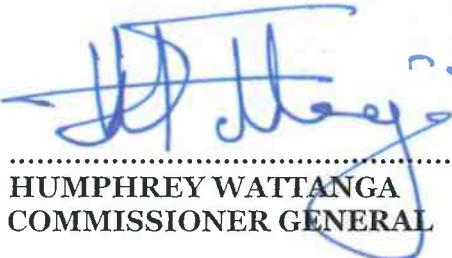
Appendix I: Inter-Entity Transfers

| Break down of Transfers from the National Treasury | | | |
|---|----------------------------|-------------------------|---|
| Disbursement Month | Bank Statement Date | Amount | Financial Period Funds Relate to |
| July 2024 | 08.07.2024 | 1,000,000,000.0 | FY 2023/2024 |
| July 2024 | 16.07.2024 | 90,000,000.0 | FY 2023/2024 |
| July 2024 | 01.08.2024 | 2,061,795,434.40 | FY 2024/2025 |
| August 2024 | 06.09.2024 | 1,974,103,707.20 | FY 2024/2025 |
| September 2024 | 30.09.2024 | 1,841,881,801.40 | FY 2024/2025 |
| October 2024 | 31.10.2024 | 3,760,470,450.45 | FY 2024/2025 |
| | 28.11.2024 | 2,439,529,549.55 | FY 2024/2025 |
| November 2024 | | | |
| December 2024 | 31.12.2024 | 3,100,000,000.0 | FY 2024/2025 |
| January 2025 | 30.01.2025 | 3,100,000,000.0 | FY 2024/2025 |
| February 2025 | 03.03.2025 | 3,100,000,000.0 | FY 2024/2025 |
| March 2025 | 28.03.2025 | 3,100,000,000.0 | FY 2024/2025 |
| April 2025 | 29.04.2025 | 2,833,051,757.0 | FY 2024/2025 |
| May 2025 | 04.06.2025 | 2,433,051,756.0 | FY 2024/2025 |
| June 2025 | 27.06.2025 | 2,433,051,756.0 | FY 2024/2025 |
| Total | | 33,266,936,212.0 | |

Development Grants

| | Bank Statement Date | Amount | Financial Period Funds Relate to |
|--------------|----------------------------|---------------|---|
| Q1 | | - | FY 2024/2025 |
| Q2 | | - | FY 2024/2025 |
| Q3 | | - | FY 2024/2025 |
| Q4 | | - | FY 2024/2025 |
| Total | | - | |


 CPA JOSEPHAT OMONDI
 HEAD OF FINANCE


 HUMPHREY WATTANGA
 COMMISSIONER GENERAL

Appendix II: Recording of Transfers from other Government Entities

| Name of the MDA/Donor Transferring the funds | Date received | Nature: Recurrent/ Development | Where Recorded/recognized | | | | | |
|--|---------------|--------------------------------|-----------------------------|---|---------------------------|--|--------------------------|--------------------|
| | | | Total Amount – (Kshs '000') | Statement of Financial Performance (Kshs '000') | Capital Fund (Kshs '000') | Total Transfers during the Year (Kshs '000') | Receivables (Kshs '000') | Total (Kshs '000') |
| Various Dates as per App. 2 | Recurrent | 32,176,936 | 32,176,936 | - | - | 32,176,936 | - | 32,176,936 |
| Various Dates as per App. 2 | Development | - | - | - | - | - | - | - |
| Total | | 32,176,936 | 32,176,936 | - | 32,176,936 | - | 32,176,936 | 32,176,936 |

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Appendix III: Inter-Entity Confirmation

Name of Transferring entity: The National Treasury
 Name of Beneficiary entity: Kenya Revenue Authority

Confirmation of amounts received by Kenya Revenue Authority as at 30th June 2025

| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total (C)=(A+B) | Remarks |
|------------------|----------------|----------------|-----------------|--------------------|---|
| July 2024 | 08.07.2024 | 1,000,000,000 | - | 1,000,000,000 | 1. Recurrents to National Treasury |
| July 2024 | 16.07.2024 | 90,000,000 | - | 90,000,000 | 2. Development for 2023/2024 |
| July 2024 | 01.08.2024 | 2,061,795,434 | - | 2,061,795,434 | 3. Development for 2024/2025 |
| August 2024 | 06.09.2024 | 1,974,103,707 | - | 1,974,103,707 | 4. Development for 2024/2025 |
| September 2024 | 30.09.2024 | 1,841,881,801 | - | 1,841,881,801 | 5. Development for 2024/2025 |
| October 2024 | 31.10.2024 | 3,760,470,450 | - | 3,760,470,450 | 6. Development for 2024/2025 |
| November 2024 | 28.11.2024 | 2,439,529,549 | - | 2,439,529,549 | 7. Development for 2024/2025 |
| December 2024 | 31.12.2024 | 3,100,000,000 | - | 3,100,000,000 | 8. Development for 2024/2025 |
| January 2025 | 30.01.2025 | 3,100,000,000 | - | 3,100,000,000 | 9. Development for 2024/2025 |
| February 2025 | 03.03.2025 | 3,100,000,000 | - | 3,100,000,000 | 10. Development for 2024/2025 |
| March 2025 | 28.03.2025 | 3,100,000,000 | - | 3,100,000,000 | 11. Development for 2024/2025 |
| April 2025 | 29.04.2025 | 2,833,051,757 | - | 2,833,051,757 | 12. Development for 2024/2025 |
| May 2025 | 04.06.2025 | 2,433,051,756 | - | 2,433,051,756 | 13. Development for 2024/2025 |
| June 2025 | 27.06.2025 | 2,433,051,756 | - | 2,433,051,756 | 14. Development for 2024/2025 |
| Total | | 33,266,936,212 | - | 33,266,936,212 | |

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department – The National Treasury:

Name Mr. George K. Gacharia..... Sign Date 14/08/2025

Head of Accounts Department – Kenya Revenue Authority:

Name Abdullah Dande..... Sign Date 14/08/2025

Appendix IV: Implementation Status of Auditor-General prior year recommendations

The following is the summary of issues raised by the external auditor, and Management comments that were provided to the auditor.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: |
|--|--|--|--|----------------------------|
| 1.0 Land Without Title Documents | The statement of financial position reflects a balance of Kshs 30,269,179,000 under property, plant and equipment which, as disclosed in Note 8(i) to the financial statements, includes seven (7) parcels of leasehold land with a total measurement of 6.7071 hectares and which the Authority is yet to receive ownership documents. The properties, with a net book value of Kshs 270,828,846, are said to be at various stages of registration with the National Land Commission and the Ministry of Lands and Physical Planning even though the issue of ownership documents has been outstanding for a long period of time. | The Authority received ownership documents for Four (4) properties that is Namanga, Kainuk, Kakuma and Lodwar which were gazetted on 29th September 2023. Two (2) properties Elwak And Diffu were gazetted in June 2024. The Land registration Act Section 105 (2) recognises letters of reservation as land ownership documents. Additionally, The Authority also received the letter of allotment for one (1) property-Kilifi. | Not Resolved | 30 th June 2026 |

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: |
|--|---|---|--|-------------------------------|
| | <p>valued and are therefore excluded from the property, plant and equipment balance of Kshs.30,269,179,000. Except for the parcels of land in Turkana County which have received letters of reservation from the National Land Commission, the other five (5) parcels of land are yet to receive allotment letters. As a result, it was not possible to ascertain whether all the above properties and improvements thereon belong to the Authority.</p> <p>In the circumstances, ownership of the parcels of land with a net book balance of Kshs.270,828,846 as at 30 June, 2023 could not be confirmed.</p> | <p>The Authority has been seeking exemption from the requirement to pay AIA via appeals to the Ministry of Interior and National Administration, the National Treasury and Economic Planning and through negotiations with the Administration Police Service for waiver of the accrued bill in addition to exemption from payment of the same. The waiver and exemption is however yet to be granted. The pending bill currently stands at Kshs. 495,019,000.00 as at 30th June 2024 and continues to accrue. The Authority's grounds for not paying are:</p> <p>a)The Authority has perennially faced significant budgetary challenges due to underfunding by the National Treasury and is unable to pay the AIA.</p> <p>b) The Authority's premises and facilities have been gazetted as protected areas under the Protected Areas Act (Cap 204), and are part of the critical Government installations.</p> <p>c)Security of Government Buildings (SGB) unit of AP has the mandate of securing all Government Buildings and premises considered to be critical Government installations which</p> | | |
| 2.0 Long Outstanding Payables | <p>As reported in the previous year, the statement of financial position reflects a balance of Kshs.8,196,980,000 under payables which, as disclosed in Note 15 to the financial statements, includes an amount of Kshs.3,203,104,000 relating to trade creditors and accounts payables. The latter balance includes an amount of Kshs.1,207,621,581 for local creditors out of which an amount of Kshs.60,641,507 has been outstanding for more than three hundred and sixty (360) days. The balance of Kshs.60,641,507 relates to amounts invoiced by the Administration Police for guarding KRA premises for the period July, 2016, to January, 2018 before gazettlement of the Authority as a protected area vide Legal Notice No.96 of 17 April, 2019. However, records maintained by the State Department for</p> | <p>The Authority has been seeking exemption from the requirement to pay AIA via appeals to the Ministry of Interior and National Administration, the National Treasury and Economic Planning and through negotiations with the Administration Police Service for waiver of the accrued bill in addition to exemption from payment of the same. The waiver and exemption is however yet to be granted. The pending bill currently stands at Kshs. 495,019,000.00 as at 30th June 2024 and continues to accrue. The Authority's grounds for not paying are:</p> <p>a)The Authority has perennially faced significant budgetary challenges due to underfunding by the National Treasury and is unable to pay the AIA.</p> <p>b) The Authority's premises and facilities have been gazetted as protected areas under the Protected Areas Act (Cap 204), and are part of the critical Government installations.</p> <p>c)Security of Government Buildings (SGB) unit of AP has the mandate of securing all Government Buildings and premises considered to be critical Government installations which</p> | Not Resolved | 30 th June 2026 |

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|---|---|--|---|
| | <p>Interior and Citizen Services reflects that the bill has accumulated to Kshs.418,004,000 as at 30 June, 2023.</p> <p>Although, Management has indicated that a request to the Inspector General of the National Police Service was done for waiver and exemption from the payment, a resolution is yet to be made on the matter.</p> | <p>includes KRA Premises.</p> <p>d) The position of the Authority is that the provisions relating to payment for AIA is limited to the private use of police officers (National Police Service Act Sec. 104) hence does not apply to the Authority which requires the services in the discharge of its functions.</p> <p>Further Action taken: The Authority's Management held a meeting with the APS Senior Management on 7th March 2024 and deliberated comprehensively on the matter.</p> <p>The parties discussed the waiver option and agreed that since the APS lacked legal powers to waive the debt, there be held a tripartite meeting comprising of the APS, KRA and the National Treasury. The National Treasury would be required to guide on the waiver process.</p> <p>Subsequently a tripartite meeting was held on 10th July 2024 between KRA, APS and the National Treasury.</p> <p>The National Treasury representative requested for time to consult further and review the submissions especially the Protected Areas Act, Cap 204, plus the Legal Notice No. 96 dated 17th April 2019 that gazetted KRA areas, places and premises as protected areas, before providing advice on the matter.</p> <p>The representative was subsequently provided with all the relevant documents and correspondences relating to the matter. He agreed to review and call for a meeting when ready to guide on the matter.</p> | |
| 3.0 Long Outstanding Receivables | The statement of financial position reflects a receivables balance of Kshs.669,526,000 as disclosed in Note 10 to the financial statements which includes an amount of Kshs.326,372,846 due from the County Executive of Nairobi City. The | The Authority continues to pursue the Nairobi City County Government for payment of the outstanding amount. Follow up have been made through meetings and formally through letters (A copy of a letter dated 27 th October, 2023 is attached) but no payment has been received. | <p>Not Resolved</p> <p>30th June 2026</p> |

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|---|---|--|--|------|--------|------|-------------|------|-------------|--------------|--------------------|---|--|
| | <p>amount relates to revenue collection services offered by the Authority to the County Government which has accumulated since year 2020 as detailed below;</p> <table border="1"> <thead> <tr> <th>Year</th><th>Amount (Kshs.)</th></tr> </thead> <tbody> <tr> <td>2020</td><td>78,055</td></tr> <tr> <td>2021</td><td>110,395,901</td></tr> <tr> <td>2022</td><td>215,898,890</td></tr> <tr> <td>Total</td><td>326,372,846</td></tr> </tbody> </table> <p>Review of correspondences between the Authority and the County Executive revealed that Management has made several demands for the outstanding amount and the County Executive of Nairobi City has acknowledged the debt. However, the amount has not been recognized as a payable in the financial statements of the County Executive of Nairobi City.</p> <p>In the circumstances, recoverability of the outstanding receivables totalling Kshs.326,372,846 could not be confirmed.</p> | Year | Amount (Kshs.) | 2020 | 78,055 | 2021 | 110,395,901 | 2022 | 215,898,890 | Total | 326,372,846 | <p>Management will propose adjustment of the amount as a doubtful debt in the Financial Statements for the year ended 30th June, 2024.</p> | |
| Year | Amount (Kshs.) | | | | | | | | | | | | |
| 2020 | 78,055 | | | | | | | | | | | | |
| 2021 | 110,395,901 | | | | | | | | | | | | |
| 2022 | 215,898,890 | | | | | | | | | | | | |
| Total | 326,372,846 | | | | | | | | | | | | |
| 4.0 Material Uncertainty Related to Sustainability of Services | | <p>The statement of financial position reflects current assets and current liabilities balance of Kshs.3,326,882,000 and Kshs.10,859,836,000 respectively, resulting to a negative working capital of Kshs.7,532,954,000. Further, the Authority recorded a deficit of Kshs.2,488,550,000 for the year under review. Management has indicated that</p> <p>The National Treasury allocated additional funding for FY 2023/2024 of Kshs. 9.1 Billion out of which Kshs. 5 Billion had been disbursed by July 2024. Disbursement of all the amounts due from the National Treasury also (including for past years) are been followed up. The Authority also continues to petition the National Treasury for adequate funding to cover operational needs (Refer to attached letters). Several proposals have been made to peg KRA funding in law (KRA Act) at 2% of the revenue target. This long term solution is still been pursued.</p> | <p>Not Resolved</p> <p>30th June 2026</p> | | | | | | | | | | |

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|--|---|--|--|---|
| | <p>the negative working capital was as a result of non-disbursement of funds by The National Treasury. Although The National Treasury has committed to providing additional funding to the Authority during the 2023/2024 financial year, delayed and non-disbursement of funds may adversely affect the performance of the Authority.</p> <p>In the circumstances, the existence of material uncertainty casts doubt on the Authority's ability to continue to sustain its services and to meet its obligations as and when they fall due.</p> | | | |
| | <p>Basis for Conclusion</p> <p>1. Anomalies in Excise Goods Management Systems (EGMS)</p> | <p>The statement of financial position reflects payables balance of Kshs.8,196,980,000 which, as disclosed in Note 15 to the financial statements includes an amount of Kshs 4,793,736,000 due to a supplier of excise stamps. Contract documents indicate that in 2015, KRA entered into a contract agreement with an international company for the printing, supply and delivery of security revenue stamps complete with track and trace and integrated production accounting system. The terms of the contract was based on a time factor subject to achievement of certain milestones including reaching the maximum number of 12,876,633,889 stamps or the contract period of 5 years whichever came earlier.</p> <p>Status of an Excisable Goods Management System (EGMS) as at 22nd July 2024</p> <p>i. The status of the Excisable Goods Management System is as follows:</p> <p>The handover discussions have been conducted however the process is yet to be concluded because SICPA indicated that the handover would be contingent on settlement of the debt owed to them. (See progress report on hand over of the EGMS)</p> <p>The Procurement of the New Excisable Goods Management System was therefore put on hold following a circular dated 6th March, 2024 issued by the Ministry of Interior of National Administration proposed adoption of digital KEBS/ KRA stamps for all alcohol and alcohol based products and withdrawal of Physical Stamps.</p> <p>KRA vide a letter dated 15th May, 2024 cited challenges that</p> | <p>Not Resolved</p> | <p>30th June 2026</p> |

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Resolved / Not Resolved) |
|--|---|---|--|---|
| | <p>On 4 May, 2021, an Addendum to the Agreement was signed for the terms of handing over the system to KRA upon expiry of the contract period of 2015. The Addendum also required the two parties to enter into a maintenance contract after the expiry of the 2015 contract. A second Addendum was signed on 23 December, 2022 increasing the maximum number of stamps to be supplied under the contract by 15% in order to provide time for handover, reduce the unit price and change the contract currency from the Euro to Kenya Shillings.</p> <p>As at 30 June, 2023, the debt owed to the Company stood at Kshs.4,793,736,000 and Management attributed the accumulation of the debt to the disproportionate pricing model for the non-alcoholic beverages, which were priced below the cost of stamps, the depreciation of the Kenya shilling against the Euro and the disproportionate volume mix between non-alcoholic and alcoholic beverages. However, review of records relating to the contract revealed the following issues which have not been addressed:</p> <ol style="list-style-type: none"> Although the contract expired in July, 2022, no evidence was provided for audit to confirm that the handing over process had started. Further, the Addendum to the expired contract was silent on whether the handover included | <p>implementation of the directive would face and recommended adoption of digital Stamps for beer products except for Kegged beer and maintain Paper Stamps Solution for Spirituous Beverages.</p> <p>The CS, Ministry of Interior vide letter dated 23rd May, 2024 recommended initiation of a multiagency meeting to deliberation on the matter and recommend an appropriate way forward.</p> <p>KRA is in consultation with the National Treasury of Kenya seeking the way forward on the directive from the Ministry of Interior and National Administration to facilitate progression of the tender.</p> <p>ii. The Authority appealed to the National Treasury for the provision of funds to settle the debt and an allocation of Kshs. 2 Billion was provided in the Financial Year 2022/2023 Supplementary Budget with a further commitment to provide Kshs. 2.47 Billion in Financial Year 2023/2024 the Medium Term, however the amounts were not disbursed.</p> <p>The Authority prioritized a payment Kshs. 1 Billion from the additional allocation in FY 2023/2024.</p> <p>The Authority has engaged the national Treasury as per letters attached on the disbursement of balance the committed amounts to settle the debt.</p> | | |

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|--|---|---------------------|--|---|
| | <p>both the software and equipment used. In addition, Management had indicated that the process of sourcing for a new supplier was ongoing but it was not clear whether the assets which would be handed over would be compatible with another suppliers' software.</p> <p>ii. Although, Management has indicated that the Authority is following up with The National Treasury on disbursement of funds to clear the outstanding amounts and that the pending bill has been submitted to the pending bills verification committee for verification, the progress made in this regard has not been disclosed.</p> <p>In the circumstances, it was not possible to ascertain when the handover of the EGMS will be done.</p> <p>The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.</p> | | | |

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|--|--|---|--|---------------------------------|
| | <p>During the year under review, KRA requested The National Treasury and the Public Service Commission for authority to recruit one thousand, five hundred (1,500) Revenue Service Assistants (RSAs). Approval by The National Treasury and Public Service Commission were granted and the Authority proceeded to recruit one thousand, four hundred and six (1,406) RSAs who were required to have a minimum grade of D+ and aged below thirty-five (35) years. However, review of the recruitment process revealed the following anomalies;</p> <ol style="list-style-type: none"> <li data-bbox="366 1393 763 2134">Sixty-nine (69) applicants with grades below D+ participated in aptitude Test I while thirty (30) applicants with grades below D+ also participated in aptitude Test II. This casts doubts on whether submitted applications were screened before inviting the candidates to participate in the aptitude tests. <li data-bbox="763 1909 1002 2134">Analysis of the raw data list comprising of one hundred and twenty-seven thousand, one hundred and seventeen (127,117) applicants revealed that there were three thousand, five hundred and ninety-two (3,592) unique records which were duplicated thereby overstating the number of applicants by three thousand, five hundred and ninety-two (3,592). The correct number of applicants was therefore, one hundred | <p>a) Ineligible Applicants Participated in the Aptitude Test. Management is in the process of upgrading the system to enhance its capabilities among them the administration of online tests. This will ensure that only those eligible can take the test as any email from an ineligible applicant will be rejected.</p> <p>As a stop gap measure, we will develop an internal system for administering such tests, for mass recruitments and integrate it to SAP.</p> <p>b) Duplicated Records</p> <p>The SAP e-recruitment module does not allow multiple registration using the same email address. The email address is the unique identifier and an account can only submit one application. Where an email address has already been used one cannot apply using the same account.</p> <p>Applicants at times create numerous email addresses then submit multiple applications in the hope that this would increase their chances of shortlisting.</p> <p>Duplicate applications would nevertheless be identified during applicants' data analysis and the data cleaned. The system would not detect if one user applies several times as multiple users can share the same name.</p> <p>The system enhancement to make the ID number a mandatory field and the unique identifier will cut off multiple applications by one candidate.</p> <p>The email address will be linked to the ID number in such a way that even if an individual registers using a different email address it will pick out the ID as already registered.</p> | <p>Not Resolved</p> | |

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: |
|--|--|---------------------|--|----------------|
| | <p>and twenty-three thousand, five hundred and twenty-five (123,525) applicants.</p> <p>iii. The system allowed candidates with incomplete input data to successfully submit their applications. Cases were noted where Identity Numbers keyed in the system contained characters as opposed to numerical numbers, identity numbers were not keyed in during applications, and in some cases the applicants were sharing same identity numbers.</p> <p>iv. Although, disclosure of age of the applicant was a key criteria requirement in the application and selection process, review of the raw list of one hundred and twenty-seven thousand one hundred and seventeen (127,117) applicants revealed that there were five thousand five hundred and seventy-seven (5,577) applicants who did not indicate their date of birth. However, the applicants were not disqualified but were irregularly allowed to progress to the next level of application and selection process.</p> <p>v. The internal employment application forms allowed applicants to submit more than one application.</p> <p>Although Management has committed to strengthen the control features in the SAP-E-recruitment module, reliability of data in the current module may be misleading due to the inaccuracies cited.</p> <p>c) Incomplete Data It is not a requirement in the e-recruitment portal to have a specific number of characters of ID numbers in job applications. This is based on the fact that ID numbers may differ in number of characters especially the older generation IDs.</p> <p>The existing control for incorrect data input is the verification at the assessment stage. Any candidate who does not meet the minimum requirements during such verification is disqualified.</p> <p>In the ongoing system enhancement the ID number field will be configured to accept only numeric characters. Consideration for linking the e-recruitment system to other systems like the National Integrated Identity Management System (NIIMS) and/or iTax will validate ID nos.</p> <p>d) Age Not Captured The Authority is in the process of enhancing the system to set the date of birth as a mandatory field.</p> <p>e) Multiple Applications by Candidates Once the ID field is made mandatory and the unique identifier, multiple applications will not be accepted.</p> <p>The Authority is in the process of enhancing the iSupport system to ensure better controls and specifically to define mandatory fields required for the recruitment process.</p> <p>The enhancement being carried out includes the following:</p> <ul style="list-style-type: none"> • The inclusion of mandatory fields for National Identification number / Passport number and date of birth ensuring that the mandatory fields are defined to allow numeric or alphanumeric | | | |

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|--|--|--|--|---|
| | <p>In the circumstances, the security controls embedded in the E-recruitment system are weak and information obtained cannot be fully relied upon in its entirety. The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects.</p> | <p>characters as may be applicable.</p> <ul style="list-style-type: none"> Partnership with the relevant Government ministries/agencies with a view to integrating the e-recruitment system with the National Integrated Identity Management System (NIIMS) for validation of static data on job applicants e.g. ID no., NSSF no., NHIF no., ethnic group, constituency, gender etc.) Integrating the e-recruitment module with the iTax system for validation of KRA PIN and other related details of the applicants. <p>Implementing the measures above will enhance the data validation process in line with the business process controls to ensure data reliability and accuracy.</p> | | |
| | | <p>i. The statement of financial performance reflects agency income of Kshs.32,293,063,000 as disclosed in Note 3 to the financial statements. However, as further analyzed in Note 11 to the financial statements, the Authority received a funding of Kshs.29,901,566,000 (Kshs.28,811,566,000 in 2023/2024, Kshs.1,090,000,000 in July, 2024) out of the approved budget. The budget for the year 2023/2024 lapsed on 30 June, 2024. Therefore, the receipt of the undisbursed amount of Kshs.2,391,497,000 and uncertain and contradicts</p> | | <p>Resolved</p> |

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|---------------------|---|--|--|---------------------|------------------|-------------------------|----------|--------------|---------------|---------------|---------------|--------------|-------------|----------------|-----------------|--------------|---------------------|---------------------|-------------|
| | | <p>Paragraph 31 of IPSAS 23 which states that an inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset shall be recognized as an asset when, and only when: it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and the fair value of the asset can be measured reliably.</p> | | | | | | | | | | | | | | | | | |
| ii. | | <p>The statement of financial performance reflects administrative expenses of Kshs.30,839,311,000 as disclosed in Note 5 to the financial statements. The amount includes depreciation charge of Kshs.496,548,000. However, Note 8 to the financial statements on property, plant and equipment movement schedule reflects depreciation charge for the year of Kshs.548,604,000 resulting in unreconciled variance of Kshs.52,056,000.</p> | <p>The difference arose from reclassification of assets from Intangible to PPE hence creating a compensating difference below the Note 5(b) to the financial Statement as shown below. The Assets Movement schedule (Note 8) and the Intangible Assets (Note 9) are correctly stated.</p> <table border="1" data-bbox="981 540 1267 1386"> <thead> <tr> <th></th> <th>Amount as per TB</th> <th>Amount reported in Note</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Depreciation</td> <td>548,604,972.9</td> <td>496,547,872.6</td> <td>52,057,100.37</td> </tr> <tr> <td>Amortisation</td> <td>100,157,262</td> <td>152,214,362.79</td> <td>(52,057,100.37)</td> </tr> <tr> <td>Total</td> <td>648,762,235.</td> <td>648,762,235.</td> <td>0.00</td> </tr> </tbody> </table> | | Amount as per TB | Amount reported in Note | Variance | Depreciation | 548,604,972.9 | 496,547,872.6 | 52,057,100.37 | Amortisation | 100,157,262 | 152,214,362.79 | (52,057,100.37) | Total | 648,762,235. | 648,762,235. | 0.00 |
| | Amount as per TB | Amount reported in Note | Variance | | | | | | | | | | | | | | | | |
| Depreciation | 548,604,972.9 | 496,547,872.6 | 52,057,100.37 | | | | | | | | | | | | | | | | |
| Amortisation | 100,157,262 | 152,214,362.79 | (52,057,100.37) | | | | | | | | | | | | | | | | |
| Total | 648,762,235. | 648,762,235. | 0.00 | | | | | | | | | | | | | | | | |
| iii. | | <p>The statement of changes in net assets reflects a revaluation surplus for the year of Kshs.2,150,564,000. Note 8(i) reflects a surplus of</p> | <p>a) <i>Assets disposed after revaluation</i></p> <table border="1" data-bbox="1291 601 1426 1386"> <tr> <td>Generators Disposed</td> <td>(13,420,343)</td> </tr> <tr> <td>8 Vehicles disposed</td> <td></td> </tr> </table> <p>Resolved</p> | Generators Disposed | (13,420,343) | 8 Vehicles disposed | | | | | | | | | | | | | |
| Generators Disposed | (13,420,343) | | | | | | | | | | | | | | | | | | |
| 8 Vehicles disposed | | | | | | | | | | | | | | | | | | | |

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|--|--|--|---|--|-------|------------|------------------------|-----------|--------------|--------------------|--|--|
| | Kshs.2,143,750,000, resulting in unreconciled variance of Kshs.6,814,000. | <p>Disposed boats</p> <p>b) Assets capitalised not revalued</p> <table> <tr> <td>Furniture & Equipment</td> <td>1,241,003</td> </tr> <tr> <td>Lifts</td> <td>14,517,234</td> </tr> <tr> <td>Land & Buildings (CRM)</td> <td>5,029,769</td> </tr> <tr> <td>Total</td> <td>(6,813,736)</td> </tr> </table> <p>The variance of Kshs 6,814,000 is made up of Assets disposed after Revaluation and Assets capitalised during the year as shown below.</p> | Furniture & Equipment | 1,241,003 | Lifts | 14,517,234 | Land & Buildings (CRM) | 5,029,769 | Total | (6,813,736) | | |
| Furniture & Equipment | 1,241,003 | | | | | | | | | | | |
| Lifts | 14,517,234 | | | | | | | | | | | |
| Land & Buildings (CRM) | 5,029,769 | | | | | | | | | | | |
| Total | (6,813,736) | | | | | | | | | | | |
| iv. | The statement of cashflows reflects net cashflows from operating activities of Kshs 1,234,180,000. However, a reconciliation Note on net cashflows from operating activities using the indirect cashflow method has not been disclosed as required by the Public Sector Accounting Standards Board reporting template. | The reconciliation note on cash Generated from Operations for the Financial year under review is attached. The note will be disclosed in subsequent statements. | | Resolved | | | | | | | | |
| v. | The statement of comparison of budget and actual amounts reflects final approved revenue | The FY 2023-24 Statement of comparison of budget and actual amounts has been reworked and submitted. The budget and the expenditure are presented on cash basis and a reconciliation to the | | Resolved | | | | | | | | |

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|--|--|--|--|----------------------------|--------------|-----------------|--------------------------|----------|----------|----------|------------|----------------|--|----------|----------|------------|---------------|--|----------|----------|------------|----------------|--|--|
| | <p>budget and recurrent expenditure budget of Kshs.39,345,851,000 and Kshs.34,567,345,000 respectively. Similarly, the statement reflects final actual revenue and recurrent expenditure on comparable basis of Kshs.36,705,404,000 and Kshs.34,269,443,000. However, the actual amounts have been presented on accrual basis, while the budget is on cash basis contrary to Paragraph 7 and 14 of IPSAS 24 and the reporting template issued by the Public Sector Accounting Standards Board (PSASB). Further, explanation on material differences between the budget and actual amounts had not been disclosed as required paragraph 14 of IPSAS 24.</p> | <p>Statement of Financial Performance submitted.</p> | | | | | | | | | | | | | | | | | | | | | | |
| 2.0 Unsupported Administrative Expenses | <p>The statement of financial performance reflects administrative expenses of Kshs.30,839,311,000 as disclosed in Note 5 to the financial statements. The balance includes insurance costs of Kshs.403,920,000 which has not been supported with details of insurance premiums paid. Further, the amount includes expenditure on printing and stationery amounting to Kshs.4,076,000 which was not supported with any documentary evidence.</p> | <p>The supporting documents of the insurance expenses of Ksh.403,919,386.75 has been provided below;</p> | <table border="1"> <thead> <tr> <th>Account</th> <th>Posting Date</th> <th>Document Number</th> <th>Amount in local currency</th> <th>Resolved</th> </tr> </thead> <tbody> <tr> <td>60010040</td> <td>22/11/23</td> <td>5000048203</td> <td>144,988,386.00</td> <td></td> </tr> <tr> <td>60010050</td> <td>01/08/23</td> <td>5000045763</td> <td>11,631,109.00</td> <td></td> </tr> <tr> <td>60010050</td> <td>14/03/24</td> <td>5000050530</td> <td>173,907,781.00</td> <td></td> </tr> </tbody> </table> | Account | Posting Date | Document Number | Amount in local currency | Resolved | 60010040 | 22/11/23 | 5000048203 | 144,988,386.00 | | 60010050 | 01/08/23 | 5000045763 | 11,631,109.00 | | 60010050 | 14/03/24 | 5000050530 | 173,907,781.00 | | |
| Account | Posting Date | Document Number | Amount in local currency | Resolved | | | | | | | | | | | | | | | | | | | | |
| 60010040 | 22/11/23 | 5000048203 | 144,988,386.00 | | | | | | | | | | | | | | | | | | | | | |
| 60010050 | 01/08/23 | 5000045763 | 11,631,109.00 | | | | | | | | | | | | | | | | | | | | | |
| 60010050 | 14/03/24 | 5000050530 | 173,907,781.00 | | | | | | | | | | | | | | | | | | | | | |

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|--|--|---|--|---|---|--------------|---|--------------------|---------------------------------------|------------|---|----------|------------------|---------------------|--------------|---|--|------------|--|--|
| | | <p>In the circumstances, the accuracy and completeness of administrative expenses of Kshs.407,996,000 could not be confirmed.</p> | <table border="1" data-bbox="592 170 584 2136"> <tr> <td>60010040</td> <td>30/06/24</td> <td>101792514</td> <td>73,392,110.75</td> </tr> <tr> <td>Insurance Expenses</td> <td></td> <td></td> <td>403,919,386.75</td> </tr> <tr> <td>Printing</td> <td>Analyzed below</td> <td></td> <td>4,075,968.98</td> </tr> <tr> <td></td> <td></td> <td></td> <td>407,995,355.73</td> </tr> </table> | 60010040 | 30/06/24 | 101792514 | 73,392,110.75 | Insurance Expenses | | | 403,919,386.75 | Printing | Analyzed below | | 4,075,968.98 | | | | 407,995,355.73 | |
| 60010040 | 30/06/24 | 101792514 | 73,392,110.75 | | | | | | | | | | | | | | | | | |
| Insurance Expenses | | | 403,919,386.75 | | | | | | | | | | | | | | | | | |
| Printing | Analyzed below | | 4,075,968.98 | | | | | | | | | | | | | | | | | |
| | | | 407,995,355.73 | | | | | | | | | | | | | | | | | |
| 3.0 Inaccuracies in Receivables Balance | | <p>The statement of financial position reflects receivables balance of Kshs.829,047,000 as disclosed in Note 10 to the financial statements. The balance includes Kshs.267,693,000 in respect of staff debtors. Included in the staff debtors is an imprest of Kshs.2,153,057 relating to officers who had exited the Authority. Although Management has provided for doubtful debts of Kshs.1,883,000, the recoverability of the Kshs.2,153,057 remains doubtful. Further, imprest of Kshs.508,800 relates to officers who were deceased and which Management had proposed for write-off. However, as at the time of audit, no feedback had been received from The National Treasury in regards to the write-off.</p> <p>In addition, the balance includes prepayments made to suppliers of Kshs.57,653,000 which further include Kshs.14,424,546 paid to a local company for the supply, installation, testing and commissioning of Lifts at Customs House, Mombasa. Although the amount has been</p> | <table border="1" data-bbox="592 170 965 2136"> <tr> <td>1</td> <td>Old Imprests Issued to officers who are deceased or have exited the Authority</td> <td>1,882,990.30</td> <td>The Imprest has been proposed for Write-off. Provision made in FS</td> </tr> <tr> <td>2</td> <td>Additional imprest for Deceased Staff</td> <td>508,800.00</td> <td>Imprests issued to officers who are deceased and being proposed for write off. A provision made in the FS</td> </tr> <tr> <td></td> <td>Sub-total</td> <td>2,391,790.30</td> <td></td> </tr> <tr> <td>3</td> <td>Imprests Issued to officers who have exited the Authority but have not finalized clearance</td> <td>270,066.66</td> <td>These imprests will be surrendered upon clearance by the officers.</td> </tr> </table> | 1 | Old Imprests Issued to officers who are deceased or have exited the Authority | 1,882,990.30 | The Imprest has been proposed for Write-off. Provision made in FS | 2 | Additional imprest for Deceased Staff | 508,800.00 | Imprests issued to officers who are deceased and being proposed for write off. A provision made in the FS | | Sub-total | 2,391,790.30 | | 3 | Imprests Issued to officers who have exited the Authority but have not finalized clearance | 270,066.66 | These imprests will be surrendered upon clearance by the officers. | <p>The analysis and explanation for the imprest is as per the table above:</p> |
| 1 | Old Imprests Issued to officers who are deceased or have exited the Authority | 1,882,990.30 | The Imprest has been proposed for Write-off. Provision made in FS | | | | | | | | | | | | | | | | | |
| 2 | Additional imprest for Deceased Staff | 508,800.00 | Imprests issued to officers who are deceased and being proposed for write off. A provision made in the FS | | | | | | | | | | | | | | | | | |
| | Sub-total | 2,391,790.30 | | | | | | | | | | | | | | | | | | |
| 3 | Imprests Issued to officers who have exited the Authority but have not finalized clearance | 270,066.66 | These imprests will be surrendered upon clearance by the officers. | | | | | | | | | | | | | | | | | |

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|--|-----------------------------------|---|--|---|
| | | <p>reflected as a prepayment, certificates of payment and invoices provided indicate that the payment relates to partial works already performed and certified. In the circumstances, the accuracy of the receivables balance of Kshs.829,047,000 could not be confirmed. In addition, the collectability of the debt remains uncertain.</p> <p>Note 8 to the financial statements reflects work in progress balance of Kshs.3,756,075,000 as at 30 June, 2024. However, supporting documentation such as original contracts and interim payment certificates were not provided to support the work in progress. Further, the Note reflects transfers from Work in Progress (WIP) of Kshs.257,881,000 comprising of motor vehicles; fixtures and fittings; fiber optic based Metropolitan Area Network (MAN); and Enterprise Network Management and WAN optimization solution; valued at Kshs.10,000,000; Kshs.39,653,000 Kshs.163,084,037 and Kshs.48,042,385 respectively. The completion certificates indicate that the works were purchased and works completed between 2020 and 2021. However, the assets have been carried in the books as WIP and transferred in their respective classes of assets in the financial year under audit thereby misstating the depreciation charge for the year.</p> | | |
| | | | | |

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|--|---|--|--|---|
| 4.2 Land Without Title Documents | Note 8 to the financial statements reflects land valued at Kshs.12,851,064,000 as at 30 June, 2024. According to the valuation report for the properties, the balance includes 13 parcels of land without titles valued at Kshs.2,285,941,000. Management indicated that these properties were at various stages of registration with the National Land Commission and Ministry of Lands. In absence of the titles, the ownership of the parcels of land and the developments thereof could not be confirmed. The Note also indicates that the Authority was allocated five (5) plots which have been gazetted as border entry points. However, these plots have not been valued and Titles have also not been obtained. Management also indicates that four (4) plots measuring 7.4 Ha and with a value of Kshs.44,588,942 had disputes with other Government agencies and that an inter-agency committee had been formed to resolve the disputes. However, no disclosures have been provided in the financial statements. | a) KRA acquired ownership documents for Twelve (12) properties that is Kilifi, Kainuk, Kalkuma, Lodwar, Diffu, Elwak, Mtwapa Oceanic Kizingo, Gerille, Amuma, and Hulugho b) The status of the four (4) properties with disputes is as follows; a. Four (4) properties: Robert Ouko 6/171, Busia, Robert Ouko 4/87 and Lungalunga are disputed with other Government agencies; the same have been forwarded to NLC for resolution. Inter-Agency committees constituting KRA, NLC and the disputed Government Agency have been formed with a view of resolving the disputes by Q4 FY 24/25, and the matter has also been escalated to NLC Chairman. | Not Resolved | 30 th June 2026 |
| 4.3 Depreciation of Revalued Assets | Review of records revealed that Management revalued land and buildings; computers; motor vehicles; motor boats plant and machinery; and office equipment between 2022 and 2023. The revalued balances were adopted by the Board and were to take effect on 1 June, 2024. However, no depreciation | There were challenges in loading the revaluation figures in the system and we had to engage the services of a consultant to resolve. The assets were successfully loaded in July 2024 and the depreciation charge started in July. The system runs depreciation from the date of loading the assets. | Resolved | 50 |

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|--|---|---|--|---|
| | <p>was charged on the revalued assets in the month of June, 2024 contrary to the Authority's policy on Property, Plant and Equipment, which states that assets are stated at cost or valuation less accumulated depreciation and annual impairment losses, and that depreciation is prorated on a monthly basis.</p> <p>In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.33,278,045,000 could not be confirmed.</p> | <p>The statement of financial position reflects intangible assets with a net book value of Kshs.20,052,000 as further disclosed in Note 9 to the financial statements. Although a list of the intangible assets was provided for audit, supporting documentation was not provided. It was therefore not possible to confirm if the assets conform to the recognition and valuation criteria set out in paragraph 16 and 28 of IPSAS 31.</p> <p>Further, the intangible assets include fully amortized assets with an historical cost of Kshs.2,623,384,200 and which are still in use. This is contrary to provisions of paragraph 96 of the IPSAS 1 which states that the depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life.</p> | Resolved | |
| | | | | |

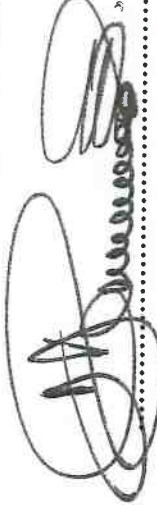
| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Resolved / Not Resolved) |
|--|---|--|--|---|
| | <p>In addition, the Note does not provide a distinction between internally generated and other intangible assets as required by paragraph 117 of IPSAS 31. In the circumstances, the accuracy of the intangible assets balance of Kshs 20,052,000 could not be confirmed.</p> | <p>To address this gap, the Authority proposed a revision of the excise stamp pricing structure through Legal Notice No. 30 of 2023, which was projected to generate an additional Kshs. 4,562,204,489 per annum (net of the cost of stamps). The proposed revision aimed to align the pricing with the actual costs and ensure sustainability of the system.</p> <p>However, implementation of the revised pricing model was halted by a court order following a legal challenge by the Law Society of Kenya (LSK). The High Court issued conservatory orders restraining KRA from enforcing the new pricing regulations pending the determination of the matter.</p> <p>Current Status:</p> <ul style="list-style-type: none"> • The legal proceedings initiated by LSK are still ongoing. • The conservatory orders remain in force, and KRA is not able to implement the revised stamp prices. <p>Consequently, the Authority continues to operate under the previous pricing regime, which does not fully recover the cost of stamps for certain categories.</p> <ul style="list-style-type: none"> • This has continued to affect the cost recovery model and contributed to the growing liability reflected in the financial statements. <p>KRA is monitoring the legal process and remains committed to pursuing regulatory amendments in line with the EGMS Regulations to ensure full cost recovery and financial sustainability of the system</p> <ul style="list-style-type: none"> • On the lost stamps, the matter has since been escalated and is currently under active investigation by the Investigation and Enforcement (I&E) Department. | <i>Not resolved</i> | <i>30th June 2026</i> |
| 6.0 Excise Liability | Stamp | <p>Further, a stock take report for the stamps as at 30 June, 2024 indicates that 9,686,358 stamps of unknown value were lost. However, no evidence was provided on the type of the stamps lost, when the stamps were lost and investigations on the circumstances leading to their loss.</p> <p>Additionally, the Authority had initiated a procurement process for a new EGMS system, as the existing contract was set to expire in July, 2023. This procurement process was approved by the Board in a meeting held on 23 March, 2023.</p> | | |

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|--|-----------------------------------|---|---|------------------------------------|
| | | <p>However, as at the time of audit in December, 2024, the process had not been concluded, and it remains unclear whether the Authority will continue extending the contract.</p> <p>Further, in a letter Ref: 1071/22/01A/(42) from The National Treasury to the Commissioner General, the Authority was instructed to proceed with the handover process of the EGMS from the current service provider to the Kenya Revenue Authority.</p> <p>However, the extent of this handover process could not be determined, particularly in the context of ongoing contract extensions. The addendum to the expired contract did not clarify whether the handover would include both the software and hardware or whether a solution from a new supplier would be compatible with the assets being transferred. This uncertainty arises amid efforts to source a new supplier.</p> <p>In the circumstances, the accuracy of the excise stamp liability of Kshs.3,625,708,000 and the sustainability of the cost recovery model could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Revenue Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities</p> | <ul style="list-style-type: none"> The handover of the Excisable Goods Management System (EGMS) remains incomplete due to an outstanding debt of Kshs. 3.6 billion owed to the service provider. The inclusion of software and hardware components in the handover is yet to be clarified and is expected to be addressed during the handover process, once the financial obligations have been resolved. The Authority remains committed to resolving the outstanding financial obligations to facilitate a smooth and complete transfer of the EGMS, ensure system sustainability, and uphold compliance with legal and regulatory frameworks. The draft specifications are with the Accounting Officer awaiting his approval for the tender to be advertised. | |

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|--|--|---------------------|--|------------|
| | <p>in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.</p> | | | |



CPA JOSEPHAT OMONDI
 HEAD OF FINANCE



HUMPHREY WATTANGA
 COMMISSIONER GENERAL

APPENDIX V: REPORTING OF CLIMATE RELEVANT EXPENDITURES

| Project Name | Project Description | Project Objectives | Project Activities | Quarter Kshs. '000 | | | | Source of Funds | Implementing Partners |
|--|--|--|--|--------------------|-------|-------|-------|-----------------|---|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| National Tree Growing and Restoration Campaign | KRA in liaison with the Kenya Forest Service, facilitated the planting and growing of trees in Kiambu, Mombasa, Busia and Kericho Counties | KRA environmental sustainability in line with the Presidential directive on National Tree Growing and Restoration Campaign | A total of 409,546 against a target of 285,510 tree seedlings planted. | 971 | 1,331 | 6,339 | 7,062 | GOK | <ul style="list-style-type: none"> Kenya Forest Services Mombasa Kilindini Community Forest Association (MOKICFA) Various Community Forest Associations (CFA) National Treasury |

APPENDIX VI: PROJECTS IMPLEMENTED

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements. (Yes/No) |
|---|---------------------------------------|------------|---------------------------|---|---|--|
| Eastern Africa Regional Transport, Trade & Development Facilitation Project | Project Grant/ Credit Number. 5638-KE | World Bank | July 2015 – December 2024 | Usd. 10.9 Million (Kshs. 1,365 Million) | Yes | Yes |
| Horn of Africa Gateway Development Project | Project Grant/ Credit Number. 6768-KE | World Bank | October 2020- June 2028 | Eur. 645 Million (Kshs. 978 Million) | Yes | Yes |

Status of Projects completion (Amounts in Kshs. '000)

| SN | Project | Total project Cost | Total expended to date | Completion % to date | Budget FY 2024/2025 | Actual FY 2024/2025 | Sources of funds |
|----|---|--------------------|------------------------|----------------------|---------------------|---------------------|------------------|
| 1 | Eastern Africa Regional Transport, Trade & Development Facilitation Project | 1,364,789 | 1,364,743 | 100% | 482,700 | 482,700 | World Bank/ GOK |
| 2 | Horn of Africa Gateway Development Project | 978,143 | 481,861 | 49% | 337,469 | 336,529 | World Bank/ GOK |

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APPENDIX VII: OPERATIONS OFFICES & BRANCHES

The operations of the Authority are carried out at the following branches;

| Name of Station | Address | Telephone Number |
|---------------------------------|-----------------------------------|-------------------------------------|
| Nairobi Region | | |
| Sameer Business Park | P.O. Box 46285-00100 Nairobi | 0202396006/8 |
| KESRA Centre, Nairobi | P.O. Box 30332-00100, Nairobi | 0715877539 |
| Ushuru Pensions Tower (CBC) | P. O. Box 48240 -00100 Nairobi | 0709011501/2/3 |
| Ushuru Pension Plaza | P. O. Box 48240 -00100 Nairobi | 0709011501/2/3 |
| Nairobi Railway Club | P. O. Box 48240 -00100 Nairobi | 0202398470/8534, 0771628105 |
| JKIA, Forodha House | 19070 - 00501 Embakasi | 0206822854-8 |
| Namanga OSBP | 9-00207, Namanga | 0722602465, 0722787396 |
| Loitokitok | P.O.Box 44 - 00209, Loitokitok | 723450186 |
| Inland Container Depot Embakasi | P.O.Box 19070 - 40100 Embakasi | 0712863504, 0203546092 |
| Wilson Airport | P. O. Box 48240 -00100 Nairobi | 0206005635-6 |
| Western Region | | |
| Kisumu | P. O. Box 3636 - 40100 Kisumu | 057-2020509/10 |
| Forodha, Kisumu | P. O. Box 94 - 40100 Kisumu | 0572022832/5 |
| Kisumu Pier | P. O. Box 94 - 40100 Kisumu | 0572024009 |
| Kisumu KPC | P. O. Box 94 - 40100 Kisumu | 0572024998 |
| Kisumu Airport | P. O. Box 94 - 40100 Kisumu | 0776016121 |
| Kisumu PPO | P. O. Box 94 - 40100 Kisumu | 057202488 |
| Bungoma | P. O. Box 2576 - 50200 Bungoma | 0552030840 |
| Kakamega | P. O. Box 1776 - 50100 Kakamega | 0562030358 |
| Kisii | P. O. Box 2 - 058 Kisii | 0582030908/925 |
| Kopanga | P. O. Box 67 - 40400 Suna, Migori | 0733770010 |
| Nyamtniro | P. O. Box 94 - Kehancha | 0733770008 |
| Muhuru Bay | P. O. Box 24 - 40409 Muhuru Bay | 0711635560 |
| Usenge | P. O. Box 15532 - 00100 Usenge | 0700930622 |
| Sio Port | P.O.Box 6-50401, Sio Port | 0733770606 |
| Lwakhakha | P. O. Box 16 Lwakhakha | 0725358018 |
| Mbita | P.O BOX 262-40305, Mbita | 0737729688 |
| Isebania | P. O. Box 22 - 40414, Isebania | 059-7252507, 0733770008 |
| Malaba | P.O.Box 235, Kamuriaie | 055-54026, 055-54174, 0713141513 |
| SOUTHERN REGION | | |
| Mombasa | P. O. Box 90601- 80100 | 0412314044/5 |
| Ngomeni | P. O. Box 90601-80100 Mombasa | 0746133685 |
| Lamu | P. O. Box 30 - 80500 Lamu | 0792973791 |

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| | | |
|-----------------|-----------------------------------|-----------------------|
| Voi | P. O. Box 644 - 80300 Voi | 043203119 |
| Malindi | P. O. Box 10- 80200 | 0422130955/0422130256 |
| Diani | P. O. Box 90601 - 80100 Mombasa | 0740131070/0742986134 |
| KESRA Mombasa | P. O. 95705 - 80106 Mombasa | 0736424200 |
| Kilifi | P. O. Box 95707 - 30315 Kilifi | 0709747429 |
| Shimoni | P. O. Box 50 Shimoni | 0791480247 |
| Vanga | P. O. Box 7 - 80402 Lungalunga | 0732255571/0724479067 |
| Taveta OSBP | P. O. Box 197-80302, Taveta | 0741443164/0741443176 |
| Mazeras | P. O. Box 90601- 80100 | 0746133673 |
| Kiunga | P. O. Box 30, Kiunga | 0712250558 |
| Port Operations | P. O. Box 95300- 80107, Kilindini | 041225811/0412225812 |
| Mombasa Airport | P. O. Box 90603- 80100 | 0791480247/0775232705 |

NORTH RIFT REGION

| | | |
|--|-----------------------------------|-----------------------|
| Eldoret | P. O. Box 402 - 30100 Eldoret | 053-2062300/2062607 |
| Eldoret KPC | P. O. Box 402 - 30100 Eldoret | 0202003797/0202003799 |
| Eldoret EIA (Eldoret Airport Warehouse) | P. O. Box 402 - 30100 Eldoret | 053-2061299 |
| Eldoret EIA (Eldoret Airport Bargage Hall) | P. O. Box 402 - 30100 Eldoret | 053-2062839 |
| Eldoret EIA (Scanner) | P. O. Box 402 - 30100 Eldoret | 053-2061299 |
| Eldoret Postal Corporation | P. O. Box 402 - 30100 Eldoret | 0774914443 |
| Kitale | P. O. Box 2673 - 30200 Kitale | 0202398707/0207859501 |
| Lodwar | P. O. Box 438 - 30500 Lodwar | 0202398852/0778016179 |
| Suam River | P. O. Box 524 - 30200 Suam | 0202001070 |
| Lokichoggio | P. O. Box 121 - 30503 Lokichoggio | 0774914485 |
| Lokichoggio Airport | P. O. Box 121 - 30503 Lokichoggio | 0774914485 |
| Nadapal | P. O. Box 121 - 30503 Lokichoggio | 0774914490 |

SOUTH RIFT REGION

| | | |
|---------------------|-------------------------|---|
| Nakuru | P. O. Box 270 Nakuru | 0512213926, 0512213927, 512213883, 0512213891 |
| Maralal | P. O. Box 114 Maralal | 0202397073, 0776746515 |
| Kericho | P. O. Box 796 Kericho | 052220104, 0711590909 0798482065, 0798482065 |
| Kericho-DC'S Office | P. O. Box 796 Kericho | 05222021122 |
| Nyahururu | P. O. Box 446 Nyahururu | 0798482066 |
| Narok | P. O. Box 1161 Narok | 0770972346, 0770591459, 0709678601 |

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| | | |
|------------|-------------------------|------------------------|
| Naivasha | P. O. Box 1645 Naivasha | 0502030085, 0502030086 |
| Nakuru-PPO | P. O. Box 270 Nakuru | 0774502982 |
| Nakuru-KPC | P. O. Box 270 Nakuru | 0778010929 |

NORTHERN REGION

| | | |
|----------|--------------------------------|-----------------------|
| Embu | P. O. Box 495 - 60100 Embu | 0730716071 |
| Elwak | P. O. Box 218-70200 Elwak | 0774356219 |
| Mandera | P. O. Box 96 – 70301 Mandera | 0774356219 |
| Garissa | P. O. Box 1145 - 70100 Garissa | 0709016403 |
| Wajir | P. O. Box 218-70200 Wajir | 0776018838 |
| Machakos | P. O. Box 756-90100 Machakos | 0773394344 |
| Kitui | P. O. Box 195 - 90200 Kitui | 0771095882 |
| Meru | P. O. Box 256-60200, Meru | 202000237, 0773394344 |
| Isiolo | P. O. Box 722-60300, Isiolo | 0773394344 |
| Moyale | P. O. Box 6-60700 Moyale | 020200249 |
| Diffu | P. O. Box 218 - 70200 Wajir | C/o Wajir office |
| Kajiado | P. O. Box 720 - 01100 Kajiado | 770495367 |
| Liboi | P. O. Box 218-70200 | |

CENTRAL REGION

| | | |
|----------|---------------------------------|---|
| Nyeri | P. O. Box 677 - 10100 Nyeri | 061-2030726-9, 0732697130, 0702697805 |
| Nanyuki | P. O. Box 1787-10400, Nanyuki | 062 - 2030000, 062 - 2031874 |
| Kerugoya | P. O. Box 142 - 10300, Kerugoya | 060 - 2021003, 709 - 752 722 |
| Murang'a | P. O. Box 426-10200, Murang'a | 060-2030700-4 |
| Thika | P. O. Box 893-01000, Thika | 067 - 2221701-5, 741 – 852 |
| Kiambu | P. O. Box 2007-00900, Kiambu | 0709752723, 0770804037, 0774779403, 0770806787 |