




# Capital Gains Tax FAQs



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***Tulipe Ushuru, Tujitegeme!***

## **What is capital gains Tax?**

This is a tax levied on gain accrued on or after 1<sup>st</sup> January, 2015 on transfer of property in Kenya.

## **What is the rate for Capital Gains tax?**

The rate is 5% of the net gain?

## **Is Capital gains tax final tax?**

Yes. Capital gains tax is a final tax and is not subject to further taxation.

## **Who pays Capital Gains Tax?**

Capital gains tax is payable by the person who has transferred property (seller)

## **Is capital Gains Tax levied on non-resident?**

Yes. If the gain is derived from sale of property situated in Kenya then capital gains tax is payable. Unless there is double Tax Agreements guide on certain circumstances.

## **What are some of the exemptions and exclusions?**

- Income that's taxed elsewhere e.g property dealers;
- Issuance by a company of its own shares/debentures;
- Transfer of machinery including motor vehicles;
- Disposal when administering the estate of a deceased
- Vesting of property to a liquidator or receiver;
- Individual residence occupied at least three years immediately before the transfer;
- Sale of land by individual where the proceeds is less than Kshs. 3 Million
- Agricultural land that is less than 50 acres;
- Transfer of securities by a body expressly exempted under the Income Tax Act.

## **What is the method of computing capital gains tax?**

Transfer value less adjusted cost then tax at 5%.

Follow this link and learn more on how to compute Capital gains tax

<https://www.youtube.com/watch?v=mdxGehDp9wE>

## **How does one pay for Capital Gains Tax?**

Payment should be initiated online via iTax. Login to iTax >> Payments >> Payment Registration >> Tax head (Income tax), Sub head (Capital Gains Tax) >> Enter the transaction details >> Submit. The modes of payment include cash, cheque or RTGS.



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