



**KENYA REVENUE
AUTHORITY**

**ANNUAL REPORT &
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023**

*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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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 Building Trust through Facilitation so as to foster Compliance with Tax and Customs Legislation.

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

CORE VALUES

- Trustworthy
- Ethical
- Competent
- Helpful

(c) Key Management

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

- Office of the Commissioner General,
- Domestic Taxes Department,
- Customs & Border Control Department,
- Corporate Support Services Department,
- Investigations and Enforcement Department,
- Strategy, Innovation & Risk Management Department,
- Legal Services & Board Coordination Department,
- Intelligence & Strategic Operations Department and,
- Kenya School of Revenue Administration (KESRA)

(d) Fiduciary Management

The key management personnel who held office during the financial period ended 30th June 2023 and who had direct fiduciary responsibility were:

- Commissioner General
- Domestic Taxes Department
- Customs & Border Control Department
- Corporate Support Services Department
- Investigations, Enforcement Intelligence and Strategic Operations
- Strategy, Innovation & Risk Management Department
- Legal Services & Board Coordination Department
- Kenya School of Revenue Administration (KESRA)
- Finance Division
- Procurement Division

Rispah Simiyu.
David Mwangi.
Pamela Ahago.
Nancy Ng'etich.
David Yego.
Mohamed Omar.
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
- (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 AND RISK 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.
- 3.5 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.
- 3.6 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.

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 optimisation of ICT in revenue collection and administration.

(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.

1. ANTHONY NG'ANG'A MWAURA



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.

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

2. AMB. DR. FRANCIS MUTHAURA, EGH, MBS



Independent Board Chairman

Amb. Dr. Muthaura is the Chairman for the Board of Directors of Kenya Revenue Authority (KRA). He was appointed as the Chairman of the Board on 22nd May, 2018 and subsequently re-appointed for a further term of three (3) years on 21st October, 2019 which ended on 20th October, 2022.

He holds a Bachelor of Arts Degree in Economics and Political Science and a Post Graduate Diploma in Diplomacy and International Relations from the University of Nairobi. He was awarded Honorary Doctorate Degrees for Diplomacy and Public Administration by the Kenya Methodist University of Kenya

and Honorary Doctorates of Humane Letters (Honoris Causa) by Kenyatta University and The Meru University of Science and Technology.

Amb. Dr. Muthaura has served as a career diplomat, and held ambassadorial appointments to the European Union in Brussels and the Permanent representative to the United Nations in New York. He is the founder Secretary General for East African Community and has also served as a Permanent Secretary in the Ministries of: Information, Transport and Communications; Environment, Water and Natural Resources; Provincial Administration and Internal Security.

He served as the Head of Public Service and Secretary to the Cabinet for nine and half years before retiring from full time public service. He has previously served as a Chairman of the Boards of the Lamu Port, South Sudan, Ethiopia Transport Corridor (LAPSSET) and BRITAM Holdings Limited.

3. MS. WILKISTER SIMIYU



Independent Director

Ms. Wilkister Simiyu is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed on 12th January, 2023 for a term of three (3) years with effect from 13th January, 2023.

She holds a Bachelor of Laws (LLB) Degree from Moi University and a Master of Laws Degree (Commercial and Corporate Law) from the University of London and is also a Certified Public Secretary (Kenya). She is a trained legal and governance auditor as well as a Governance, Ethics, Risk and Compliance expert.

Ms. Wilkister Simiyu is a consummate governance professional who has worked as an advocate in various law firms. She has also worked as an in-house advocate and Company Secretary in various organisations in Kenya and East Africa. She is currently engaged in Private practice, Training and Consultancy on Governance.

She is an Advocate of the High Court of Kenya and Member of the Law Society of Kenya (LSK) and East African Law Society (EALS) and Institute of Certified Secretaries (ICPS-K).

Ms. Wilkister Simiyu is a Member of the Human Resources Committee of KRA's Board of Directors and the Chairperson of the Kenya Revenue Authority Staff Pension Scheme Board of Trustees.

4. MR. DARSHAN SHAH



Independent Director

Mr. Darshan Shah is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed on 12th January, 2023 for a term of three (3) years with effect from 13th January, 2023.

He is a partner with PKF Kenya LLP with twenty-two (22) years of professional experience in tax advisory, mergers and acquisitions, financial consultancy and audit/assurance services. He currently serves as the Head of Assurance for PKF in Eastern Africa.

He is also the co-author of the Wiley International Financial Reporting Standards (IFRS) Interpretations Guide 2014 - 2022 and has extensive knowledge and experience of IFRS.

He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Public Accountants of Uganda and Institute of Chartered Accountants in England and Wales, UK (ACA). He is also a Fellow of the Chartered Institute of Certified Accountants (FCCA), UK.

Mr. Darshan Shah has served as the Chairperson of the Audit and Risk Committee of KRA's Board of Directors and a Member of the Kenya Revenue Authority Staff Pension Scheme (KRASPS) Board of Trustees and Chairperson of the KRASPS Finance and Investment Committee.

He is currently the Chairperson of the Finance, Administration and Procurement Committee and a Member of the Revenue, Strategy and Technology Committee of the KRA's Board of Directors.

5. MR. MICHAEL KAMAU KAMIRU



Independent Director

Mr. Michael Kamau Kamiru is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed on 12th January, 2023 for a term of three (3) years with effect from 13th January, 2023.

He holds a Bachelor of Commerce Degree (Honours) from Catholic University of Eastern Africa and a Master Degree in Business Administration (Corporate Management) from KCA university.

Mr. Kamiru is currently the Head of Governance, Risk and Compliance at Jubilee Allianz General Insurance Limited. He is a Finance Management and Risk Management professional with over twenty-

seven (27) years of demonstrated leadership and management experience in the Kenyan insurance industry. He also has extensive experience in strategic management; financial management; financial reporting; budgetary control management; forecasts and projection models; Governance and risk management.

In social service, he is the current Chairman of the Gaicanjiru High School Board of Management, Vice Chairman of the Nkoroi Catholic Parish and member of the Board of United Family Sacco Limited.

He is a member of the Institute of Certified Accountants of Kenya (ICPAK).

Mr. Kamiru is the Chairperson of the Human Resources Committee and a Member of the Finance, Administration and Procurement Committee of the KRA's Board of Directors.

6. MR. SAMIR IBRAHIM



Independent Director

Mr. Samir Ibrahim is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed on 12th January, 2023 for a term of three (3) years with effect from 13th January, 2023.

He holds a Bachelor of Science Degree in Finance and International Business from the New York University, Leonard N. Stern School of Business.

Mr. Samir Ibrahim is the Chief Executive Officer and Co-Founder of SunCulture Kenya Limited, which deals with climate, solar, agriculture, food systems and security, water, financing and Internet of Things. He is also an advisor to Ezra Venture Studio, a team and network of company builders and climate finance experts.

In social service, he is the founder of Shikilia, a collaboration between private sector and non-profit organizations to raise money and advocate for sending monthly cash transfers to low-income households during the Covid-19 pandemic. He is also a member of the Young Presidents Organization, an Endeavour Entrepreneur, and a Future Energy Leader Alumni of the World Energy Council.

Mr. Samir Ibrahim has served as a Member of the Finance, Administration and Procurement Committee and Revenue, Strategy and Technology Committee of KRA's Board of Directors.

He is a member of the Board Audit and Risk Committee and a Member of the Kenya Revenue Authority Staff Pension Scheme (KRASPS) Board of Trustees.

7. DR. FANCY TOO



Independent Director

Dr. Fancy Too is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed on 12th January, 2023 for a term of three (3) years with effect from 13th January, 2023.

She holds a Bachelor of Laws (Honours) (LLB) Degree from Moi University, a Master of Laws Degree and a Doctor of Philosophy (PhD) in Laws from Nottingham Trent University (United Kingdom).

She is a resourceful legal expert with excellent communication skills; deep knowledge on constitutional law, corporate governance, contracts, commercial law, insolvency and intellectual property and a legal researcher with experience in legal analysis and reasoning techniques.

Dr. Fancy Too is an accomplished author and widely published in Insolvency Law.

She is the Director, Graduate Programs (LLM and LLD) at the Strathmore University Law School. She has also previously served as the Dean, Kabarak University Law School.

In social service, she is a Board of Management Chair at Kipteris Girls High School.

Dr. Fancy Too is an Advocate of the High Court of Kenya and Member of the Law Society of Kenya.

She is the Chairperson of the Revenue, Strategy and Technology Committee and a Member of the Audit and Risk Committee of KRA's Board of Directors.

8. MR. ASHIF KASSAM, OGW



Independent Director

Mr. Ashif Kassam 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 with effect from 12th June, 2023.

He is a professional accountant with a wealth of expertise and experience dating back to 1994. He specialises in audit and assurance, tax, transaction advisory, corporate restructuring and family business consulting, helping organisations create and deliver value.

Mr. Ashif Kassam is the Founder and Executive Chairman of RSM Eastern Africa LLP. He is the outgoing President of the Entrepreneurs Organisation (EO) where he has been a member since 2014. Mr Kassam is the Vice President of the Aga Khan Council for Kenya, Director of Jubilee Holdings Ltd, Jubilee Health Insurance Ltd and the Chairman of Jubilee Asset Management Ltd. He has been a member of KEPSA's Governing Council and Chair of its Finance Sector Board and Tax Taskforce and has served as a Director of Telkom Kenya Ltd.

He 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.

Mr. Ashif Kassam 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).

He is the Chairperson of the Board Audit and Risk Committee and a Member of the Kenya Revenue Authority Staff Pension Scheme (KRASPS) Board of Trustees.

9. MRS. SALLY MAHIHU



Independent Director

Mrs. Sally Mahihu was a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed on 5th August, 2022 for a term of three (3) years but her appointment was revoked on 13th January, 2023.

She holds a Bachelor of Laws (LLB) degree from Bristol University, London, United Kingdom and a Master of Laws (LLM) degree from the London School of Economics and Political Science, London, United Kingdom. She has a Diploma in Law from the Kenya School of Law.

Mrs. Sally Mahihu is an advocate of the High Court of Kenya for over thirty-five (35) years and is currently the Proprietor and Co-founder of Bowyer Mahihu & Co. Advocates, one of the top legal firms that has steadily established a formidable base in the echelons of legal practice in Kenya.

She is the current chairperson of Help A Child Africa Organization and Member of various Boards. She is a Commissioner of Oaths, a Notary Public, a Certified Mediator and a Certified Public Secretary. She is a member of the Institute of Certified Secretaries of Kenya, Chartered Institute of Arbitrators and the Commonwealth Law Association.

Mrs. Sally Mahihu is the founder of The Seasoned Woman, a forum for the empowerment of women in the market place towards them making a positive influence and impact in their society and nation. She is also an international conference speaker, a Certified Professional Life and Work Coach, an impactful seasoned

mentor and trainer working with several corporate organizations and groups as well as individuals addressing various topics on leadership, business, entrepreneurship, relationship, career and life skills. She was a member of the Human Resources Committee and Revenue, Strategy and Technology Committee of KRA's Board of Directors.

10. HON. MRS. ROSE WARUHIU, EBS, OGW



Independent Director

Hon. Mrs. Rose Waruhiu, EBS, OGW was a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was first appointed as a Member of the Board on 21st October, 2016 and re-appointed for a further term of three (3) years on 21st October, 2019. Her term came to an end on 5th August, 2022.

She holds a Bachelor of Arts (Economics) degree from Makerere University College, and postgraduate Certificate in Management of Higher Education from the University of Manchester. In 1990, she was appointed a Fellow at the Institute of Politics, Kennedy School of Government, Harvard University.

Hon. Mrs. Rose Waruhiu worked as a senior Administrator in the University of Nairobi, early in her career, and later as consultant in Deloitte Haskins & Sells. She has also worked as a consultant in the public sector, undertaking assignments in policy formulation and documentation.

She has held elected positions in women organisations locally and internationally and served in the pro-democracy movement as convener/chair of several initiatives in Kenya and was a nominated member of Kenya Parliament and the EEC/ACP Joint Assembly, and was later a Member of the East African Legislative Assembly.

She has served on the boards of Kenya Post Bank, Kenyatta National Hospital, the National Museums of Kenya and as Vice Chair of the Council of the Jomo Kenyatta University of Science and Technology and was the Chairperson of the Audit and Risk Committee and member of the Human Resources Committee of KRA's Board of Directors.

11. MR. PAUL ICHARIA



Independent Director

Mr. Paul Icharia was a Member of the Board of Directors of Kenya Revenue authority (KRA). He was first appointed as a member of the Board on 11th November, 2016 and subsequently re-appointed for a further term of three (3) years on 11th November, 2019. His term came to an end on 5th August, 2022.

He holds a Bachelor of Science (BSc) Degree in Finance, from California State University, Sacramento USA and a Master of Business Administration (MBA) in Global Management from the University of Phoenix USA. He is a professional with extensive experience in Financial Services, Business Development and Social Services Development.

Mr. Paul Icharia has served in senior positions at the Royal Bank of Canada (RBC) and Citigroup in the United States of America.

He was the Chairperson of the Kenya Revenue Authority Staff Pension Scheme Board of Trustees and a member of the Finance, Administration and Procurement Committee of KRA's Board of Directors.

12. ENG. LEONARD ITHAU



Independent Director

Eng. Leonard Ithau was a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was first appointed on 30th May, 2018 and subsequently re-appointed for a further term of three (3) years on 21st October, 2019. His term was further extended to 1st March 2024 but revoked on 12th January, 2023. He holds a Bachelor of Science Degree in Civil Engineering from the University of Nairobi and a Master of Science Degree in Construction Management from the University of Birmingham, England.

He has served in the public service at the Kenya Ports Authority (KPA) and in professional service as a Project Management Consultant to various private bodies in the Health, Port and Harbours/Rail, Roads,

Telecommunications, Oil and Gas, Hospitality, Industrial/Commercial and Housing Sectors. He is currently the Executive Director of Quemec Limited, a project management and advisory consultancy. Eng. Leonard Ithau has over thirty seven (37) years' experience in senior project advisory, design and construction management roles on major civil engineering, infrastructure and building works in Kenya and the broader South East Africa region and is a Registered Engineer with the Engineers Board of Kenya, a member of the Association for Project Management (UK) and the Institute of Directors (K). In social service, he is the current District Governor Elect for Rotary International, District 9212 and will serve as District Governor from July, 2023 to June, 2024 and is a member of the Board of Governors of Karen Technical Training Institute for the Deaf, Nairobi. He was the Chairperson of the Human Resources Committee and Vice Chairperson of the Audit and Risk Committee of KRA's Board of Directors.

13. MR. CHARLES MAKORI OMANGA



Independent Director

Mr. Charles Makori Omanga was a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed as a Member of the Board on 30th May, 2018 and subsequently re-appointed for a further term of three (3) years on 18th June, 2020. His term was further extended to 1st March, 2024 but revoked on 12th January, 2023.

He holds a Bachelor of Science Degree in Management Information Systems from USIU – Africa and Master of Business Administration from the University of Leicester, United Kingdom.

Earlier in his career he served in the private sector as a Relationship and Product Manager at Citibank Kenya; Regional Head, Trade Finance (EA) and Head, Public Sector at the Barclays Bank of Kenya (now Absa Bank) and Head, Corporate Banking, CFC Stanbic Bank Limited (now Stanbic Bank).

Mr. Charles Makori Omanga is currently co-Managing Principal, Horizon Africa Capital Limited which is a financial advisory firm dealing in mergers and acquisitions in East Africa. In this role, he has developed significant commercial and transactional expertise in various industries. From a governance perspective, he has also served in various boards in the financial services sector including banking and stock brokerage.

He was a member of the Institute of Certified Investment, Financial Analysts (ICIFA) and was also the Chairperson of the Board Audit and Risk Committee and Member of the Human Resources Committees of KRA's Board of Directors.

14. MR. MUKESH K R SHAH



Independent Director

Mr. Mr. Mukesh K.R. Shah was a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was first appointed on 30th May, 2018 and subsequently re-appointed for a further term of three (3) years on 21st October, 2019. His term was further extended to 1st March 2024 but revoked on 12th January, 2023.

He is a Director and founder of Strategic Consultants Limited, a practice that he established in 1992, which provides specialised consultancy services in the areas of strategic planning, high level advisory to family owned business, business revival and reconstruction and mergers and acquisitions to national and international clients.

Prior to founding the Strategic Consultants practice, he was with Price Waterhouse UK and Price Waterhouse Kenya for eighteen years (18) years and held the position of partner for over nine (9) years. At Price Waterhouse, he specialized in assurance, accounting and investigations. He was an authority in the audit of banks, financial institutions, oil companies, tour operators and hotels.

Mr. Mukesh K.R. Shah holds directorships of private companies mainly in a professional capacity and is a non- executive Director of NCBA Group Plc and Carbacid Investments Plc, which are companies listed on the Nairobi Securities Exchange and of NCBA Bank Plc, a leading bank in East Africa. He advises Boards of various other corporate and family owned businesses.

He is a Fellow of the Chartered Association of Certified Accountants (UK), Member of the Institute of Certified Public Accountants of Kenya and Institute of Certified Secretaries of Kenya.

Mr. Mukesh K.R. Shah was the Chairperson of the Revenue, Strategy and Technology Committee of KRA's Board of Directors. He was also a member of the Board of Trustees of the KRA Staff Pensions Scheme and chairs the Scheme's Finance and Investment Committee.

15. MRS. SUSAN MUDHUNE, MBS



Independent Director

Mrs. Susan Mudhune is a Member of the Board of Kenya Revenue Authority (KRA). She was first appointed as a Member of the Board on 30th May, 2018 and subsequently re-appointed for a further term of three (3) years on 21st October, 2019.

She holds a Bachelor of Arts (Education) Degree and a Master of Business Administration degree from the University of Nairobi.

She has served in various management positions in the local banking industry for over twenty (20) years, from which she retired in 2001.

Mrs. Susan Mudhune is a past Chairperson of the Board of Kenya Commercial Bank Group and the Kenya Girl Guides Association; has served as a non-executive Director in various Boards including Safaricom (K) Limited and Sanlam Limited and is currently a non-executive Director of Carbacid Group Limited and chairs the Board of Kenya Innovative Finance Facility for Water (KIFFWA) Foundation.

She is a Certified Corporate Governance trainer and a Member of Women Corporate Directors (Kenya Chapter) and Institute of Directors (Kenya) and is the Chairperson of the Finance, Administration and Procurement Committee of KRA's Board of Directors.

16. AMB. RICHARD ANGULU OPEMBE



Independent Director

Amb. Richard Angulu Opembe was a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed on 5th August, 2022 for a term of three (3) years but his appointment was revoked on 12th January, 2023.

He holds a Diploma in Sales and marketing from Trans-World Tutorial College, Jersey -- Britain and a Diploma in Foreign and International Relations from the Foreign Service Academy, Kenya. He is a Certified Leader, Institute of Sales and Marketing (United Kingdom).

Amb. Richard Opembe is a professional with extensive experience in sales and marketing; strategic planning; partnership development and organization capacity building; project management; research and development.

He has served as a diplomat and held ambassadorial appointments to the Republic of Ireland and to the Kingdom of Spain. He has also been the past Chairman of Butere-Mumias, Kenya Red Cross Society.

He is a life member of the Kenya Red Cross Society.

Amb. Richard Opembe was a member of the Finance, Administration and Procurement Committee of KRA's Board of Directors and a Sponsor nominated member of the KRA Staff Pension Scheme Board of Trustees.

17. FCCA, CS Rispah Simiyu (Mrs.) Advocate, EBS



Mrs. Rispah Simiyu was appointed Acting Commissioner General, with effect from 23rd February, 2023 to 21st August, 2023. She was appointed as Commissioner of Domestic Taxes with effect from 22nd October, 2020.

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), an Advocate of the High Court

of Kenya, Notary Public and Commissioner for Oaths, a Certified Public Secretary and a certified mediator (MTI).

Mrs. Rispah Simiyu is a seasoned and grounded tax professional with over 21 years of experience. Before joining KRA in April 2018, she served as the Standard Chartered Bank Regional Tax Manager East Africa, where she provided tax advice to East Africa Businesses as well as covered Transfer Pricing assignments in the larger 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 rising to the position of Tax Manager.

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

18. FCPA - GITHII MBURU, MGH, CBS



Mr. Githii Mburu was appointed Commissioner General with effect from 1st July, 2019. He tendered his resignation with effect from 23rd February, 2023.

He holds a Bachelor of Commerce Degree (Accounting Option) from Kenyatta University and a Master of Science degree in Public Policy & Analysis from the Jomo Kenyatta University of Agriculture & Technology (JKUAT). He is also a Certified Public Accountant.

He previously worked as Head of Technical Standards at the Institute of Certified Public Accountants of Kenya (ICPAK) and also worked with CFC Stanbic Bank. Prior to his appointment as Commissioner General, he served as the Commissioner for Intelligence & Strategic Operations (I&SO), where he led KRA in establishing and operationalising a formidable intelligence gathering and tax investigations infrastructure which has played a critical role in combating tax evasion and in enforcing KRA's Code of Conduct. He further led the enforcement team against illicit trade under the Multi-Agency Task Force.

POST BALANCE SHEET EVENTS

1. APPOINTMENT OF DIRECTORS

19. 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 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 1919-2001) 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, Guide Center (Nairobi) of Georgetown University; Trustee, National Environmental Trust Fund and Board member of the Zimele Asset Management Company Limited.

She 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.

20. 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 holds a Bachelor of Commerce degree with a double major in Accounts and Business Administration from Daystar University, complemented by a Master of Business Administration with a specialization in Finance from the University of Nairobi. Furthermore, she has enriched her expertise through an Executive program at the London Business School and has pursued numerous other Management and Leadership courses.

Currently, Ms. Lydia Rono holds the position of Group Director in the Corporate & Institutional Banking Division (CIBD) at the Co-operative Bank of Kenya. Her distinguished career in banking spans over three decades, marked by her progression through various senior roles that underscore her exceptional leadership skills and profound industry knowledge. Throughout her career, she has played a pivotal role in spearheading growth initiatives, significantly contributing to the Co-operative Bank's impressive business performance.

Recognized for her strategic vision, Ms. Lydia Rono is committed to mentoring emerging leaders and continually driving operational excellence within the Co-operative Bank.

Additionally, she serves as a Board Member for the CIC group and holds the role of Chairperson for the CIC Group Finance and Investment. She also serves as a trustee for ILAM I-Reit, ACORN I-Reit, ACORN D-Reit and LAPTRUST IMARA I-Reit. Furthermore, she is a Certified Executive Leadership Coach.

21. 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.

22. 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.

He was awarded a Fellowship of ICPAK for his committed and distinguished serviced to Kenya, ICPAK and to the accountancy profession.

2. APPOINTMENT OF COMMISSIONER GENERAL, MR. HUMPHREY WATTANGA



Commissioner General

Mr. Humphrey Wattanga was appointed the Commissioner General for Kenya Revenue Authority on 22nd August, 2023. Mr. Wattanga recently concluded a six-year term as Commissioner and Vice Chair of the Commission on Revenue Allocation (CRA) and has since been serving as Managing Director of Meghraj Capital Group.

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 keenly focused on the application of technology to gain efficiencies and deliver targeted outcomes. He 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.

He 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 the numerous county revenue collection systems and guided a multi-agency effort to specify and develop a single integrated county revenue management system.

He 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 attended Uhuru Estate Primary School in Nairobi, where he attained a top 20 position in the country in the 1986 Kenya Certificate of Primary Education (KCPE) exam. He then proceeded to Alliance High School, where he attained the top position in the country in the 1990 Kenya Certificate of Secondary Education (KCSE) exam. He was awarded a full scholarship to Harvard University where he majored in Biochemical Sciences and graduated with honors after cloning a gene for a key factor involved in genetic-switching mechanisms. He received the Nelson Mandela Hope Worldwide scholarship to the

Wharton School of Business where he graduated with a Master of Business Administration in Information Systems Strategy and Economics.

He is a Member of the Institute of Certified Public Accountants of Kenya (ICPAK).

EX OFFICIO MEMBERS

- 1. MR. MUSA KATHANJE (ALTERNATE DIRECTOR TO THE CABINET SECRETARY, NATIONAL TREASURY AND PLANNING)**



Mr. Musa Kathanje was appointed to the Kenya Revenue Authority Board as the Alternate to the Cabinet Secretary, National Treasury and Planning on 17th March, 2021.

He holds a Masters degree in Business Administration and Bachelor degree in Economics, both from the University of Nairobi and is currently finalising a Phd in Business Administration - Finance from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya. He also holds a certificate in macroeconomic modeling under the United Nations/African Research Network for Development Policy Analysis from the University of Pretoria, South Africa.

Mr. Musa Kathanje is the Director of Macro and Fiscal Affairs Department at the National Treasury having been appointed to the post in November, 2016. He joined the National Treasury in June, 2013 as the Head of Macro Division in the then Economic Affairs Department, on secondment from the Central Bank of Kenya where he was the Head of Monetary Policy Analysis Division.

He has over 26 years of experience in macro-economic policy formulation and analysis, fiscal and monetary policies formulation as well as regional economic integration policy gained from both the Central Bank of Kenya (June, 1996 to June, 2013) and at the National Treasury (June, 2013 to date).

- 2. MS. JENNIFER WANGUI GITIRI, HSC
(ALTERNATE DIRECTOR TO THE ATTORNEY GENERAL)**



Ms. Jennifer Gitiri is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed as a Member of the Board on 10th January, 2023 as the alternate to the Attorney General of the Republic of Kenya.

She holds a Bachelor of Laws (Honours) (LLB) Degree and two (2) Master of Laws Degrees in Public International Law and in Comparative Constitutional Law from the University of Nairobi and Central European University (Budapest, Hungary) respectively.

Ms. Jennifer Gitiri is a Principal State Counsel, Office of the Attorney General and Department of Justice. She is an experienced legal expert in constitutional law, international law, anti-money laundering, anti-corruption and assets recovery.

She is a Certified Public Secretary (CPS-K) and a trained Financial Action Taskforce (FATF) assessor by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).

Ms. Jennifer Gitiri is, an Advocate of the High Court of Kenya, a member of the Law Society of Kenya and a Member of the Institute of Certified Public Secretaries of Kenya.

She has served as a member of the Board Audit and Risk Committee. She is a member of the Finance, Administration and Procurement Committee and the Human Resources Committee of the KRA's Board of Directors.

3. MS. MARYANN MUTHONI NJAU-KIMANI, EBS, OGW (ALTERNATE DIRECTOR TO THE ATTORNEY GENERAL)



Ms. Maryann Njau-Kimani was a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed as a Member of the Board on 24th March, 2017 as the alternate to the Attorney General of the Republic of Kenya. Her appointment ended on 9th January, 2023.

She holds a Bachelor of Laws (LLB) degree and a Master of Business Administration degree from the University of Nairobi and is an Advocate of the High Court of Kenya with over thirty (30) years post admission experience in private and public law practice.

Ms. Maryann Njau-Kimani is a Senior Deputy Solicitor General and the Secretary, Justice and Constitutional Affairs in the State Law Office and Department of Justice. She is the head of the Department of Justice.

She is an accredited mediator and a United Nations Certified Justice Rapid Response Expert on Women Sexual and Gender Based Violence and has management, financial, research, consultancy and training experience and skills.

MANAGEMENT TEAM

1. FCCA, CS Rispah Simiyu (Mrs.) Advocate, EBS



Mrs. Rispah Simiyu was appointed Acting Commissioner General, with effect from 23rd February, 2023 to 21st August, 2023. She was appointed as Commissioner of Domestic Taxes with effect from 22nd October, 2020.

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), an Advocate of the High Court of Kenya, Notary Public and Commissioner for Oaths, a Certified Public Secretary and a certified mediator (MTI).

Mrs. Rispah Simiyu is a seasoned and grounded tax professional with over 21 years of experience. Before joining KRA in April 2018, she served as the Standard Chartered Bank Regional Tax Manager East Africa, where she provided tax advice to East Africa Businesses as well as covered Transfer Pricing assignments in the larger 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 rising to the position of Tax Manager.

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

2. FCPA - GITHII MBURU, MGH, CBS



Mr. Githii Mburu was appointed Commissioner General with effect from 1st July, 2019. He tendered his resignation with effect from 23rd February, 2023.

He holds a Bachelor of Commerce Degree (Accounting Option) from Kenyatta University and a Master of Science degree in Public Policy & Analysis from the Jomo Kenyatta University of Agriculture & Technology (JKUAT). He is also a Certified Public Accountant.

He previously worked as Head of Technical Standards at the Institute of Certified Public Accountants of Kenya (ICPAK) and also worked with CFC Stanbic Bank. Prior to his appointment as Commissioner General, he served as the Commissioner for Intelligence & Strategic Operations (I&SO), where he led KRA in establishing and operationalising a formidable intelligence gathering and tax investigations infrastructure which has played a critical role in combating tax evasion and in enforcing KRA's Code of Conduct. He further led the enforcement team against illicit trade under the Multi-Agency Task Force.

He is a Member of the Institute of Certified Public Accountants of Kenya (ICPAK).

3. HUMPHREY WATTANGA



Commissioner General

Mr. Humphrey Wattanga was appointed the Commissioner General for Kenya Revenue Authority on 22nd August, 2023. Mr. Wattanga recently concluded a six-year term as Commissioner and Vice Chair of the Commission on Revenue Allocation (CRA) and has since been serving as Managing Director of Meghraj Capital Group.

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 keenly focused on the application of technology to gain efficiencies and deliver targeted outcomes. He 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.

He 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 the numerous county revenue collection systems and guided a multi-agency effort to specify and develop a single integrated county revenue management system.

He 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 attended Uhuru Estate Primary School in Nairobi, where he attained a top 20 position in the country in the 1986 Kenya Certificate of Primary Education (KCPE) exam. He then proceeded to Alliance High School, where he attained the top position in the country in the 1990 Kenya Certificate of Secondary Education (KCSE) exam. He was awarded a full scholarship to Harvard University where he majored in Biochemical Sciences and graduated with honors after cloning a gene for a key factor involved in genetic-switching mechanisms. He received the Nelson Mandela Hope Worldwide scholarship to the Wharton School of Business where he graduated with a Master of Business Administration in Information Systems Strategy and Economics.

4. Dr. Mohamed Mohamud



Dr. Mohamed Omar was appointed Commissioner, Strategy Innovation & Risk Management from 1st October, 2015. His contract was renewed on 1st October, 2018 for further term of five (5) years.

He is a holder of Doctors degree of Philosophy from The University of Leeds – UK, Master of Business Administration degree – MBA (E-Business) from The University of Sheffield, UK and Bachelor of Science degree (BSC-Business & Economics) from Vaxjo University, Sweden.

Dr. Mohamed Omar has vast experience in Strategy and Policy, spanning academia and public sector. Before joining KRA, he was the Economic Pillar Director at the Kenya Vision 2030 Delivery Secretariat, where he was responsible for providing leadership and strategic direction to the implementation of the economic pillar flagship projects. Previously, Dr Omar also worked as a lecturer at the University of Nairobi.

5. Mr. Paul Muema Matuku, EBS



Mr. Paul Muema Matuku was appointed Commissioner, Legal Services and Board Coordination on 15th May, 2019.

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 Certified Public Secretary and a Fellow of the University of Sydney, Graduate School of Government: Extractive Industries: Effective Governance, Taxation and Financial Management. 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.

6. Mr. David Yego



Mr. David K. S. Yego, was appointed Commissioner, Investigations, Enforcement Intelligence and Strategic Operations Department on 23rd February, 2023. He has previously served as Commissioner, Investigations & Enforcement Department and Commissioner, Regional Coordination. His appointment was a continuation of his five (5) years contract that had been renewed on 24th March, 2020.

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 (CPA).

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, Customs and Border Control Department and Commissioner General's office. He was instrumental in setting up the Prosecution unit within the Investigations and Enforcement Department in alignment with the 10 OECD Global principles to ensure tax offense are criminalised.

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

7. Dr. Fred Mugambi Mwirigi



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

He holds a PhD in Entrepreneurship, and a Master of Science degree in Entrepreneurship from JKUAT, a Bachelor of Business Administration degree from Kenya Methodist University and a Diploma in Small Enterprise Management from Galilee International Management College, Israel.

Dr. Fred Mugambi Mwirigi was the founding director of JKUAT's Mombasa Campus, where he served for seven (7) years. He taught at JKUAT for eleven (11) years and rose to the level of senior lecturer. Prior to joining JKUAT, Dr Mugambi taught at the Kenya Methodist University. He also served as the chairman of a task force appointed by the Education Cabinet Secretary to select the Board of the Technical and Vocational Education and Training Authority (TVETA), under the Ministry of Education. Dr Mugambi has been involved in consultancy and training tasks for many national and international organisations across six countries. He has published three books and over thirty research papers.

He is a member of the Kenya Institute of Management.

8. Ms. Nancy Ng'etich



Ms. Nancy Ng'etich was appointed Acting Commissioner, Corporate Support Services on 23rd February, 2023.

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).

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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.

9. Mrs. Pamela Ahago



Mrs. Pamela Ahago is the Acting Commissioner for Customs & Border Control effective 1st March 2023. Until her appointment, Mrs. Ahago was serving as the Regional Coordinator for Western Region. Prior to that she served as Deputy Commissioner for Policy & International Affairs and Deputy Commissioner Valuation and Tariff.

She is a holder of a Bachelor of Commerce Degree, with a Masters of Business Administration (MBA) from Maastricht University (Netherlands) and a Post Graduate Diploma in Finance.

Mrs. Pamela Ahago joined the then Customs & Excise Department in 1988, as a Graduate Trainee (Collector II) and worked in various tasks until July 2002, when she was promoted to the rank of Assistant Commissioner in July 2015. She was promoted to the position of Chief Manager in February 2017 and worked in Trade Facilitation Division. In July 2019, she was promoted to the rank of a Deputy Commissioner.

She is a trained negotiator with experience in regional and international negotiations and has represented KRA in regional and international negotiations on trade. Some of the trade agreements she has negotiated include the WTO Trade Facilitation Agreement (TFA) and the EU- Kenya Economic Partnership Agreement (EPA). She served as the Vice Chair of the National Trade Facilitation Committee.

Mrs. Pamela Ajiago has worked with the World Customs Organization (WCO) as head of the Regional Intelligence Liaison Office for Eastern & Southern Africa (RILO ESA). As an expert on Rules of Origin, she has participated in the formulation of policy for both the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA).

10. Mr. David Mugo Mwangi



Mr. David Mugo Mwangi was appointed the Acting Commissioner for Domestic Taxes on 23rd February 2023 to 21st August, 2023, he is the Deputy Commissioner in charge of Tax Disputes Resolution in Kenya Revenue Authority.

He is a holder of a Bachelor of Arts Degree in Economics and Government from the University of Nairobi (UON) and Associate Diploma in Insurance from the Kenya College of Insurance. He is also a Certified Professional Mediator from Mediation Training Institute (MTI).

Mr. David Mugo Mwangi joined the Kenya Revenue Authority in 1996 as an Assessor I.

He has a career in tax administration spanning over thirty three (33) years and has worked in many areas of tax administration including Taxpayer Audit, Tax Policy formulation, Taxpayer Compliance Management and Dispute Resolution. He pioneered the Independent Review of Objections in Kenya Revenue Authority in 2018 and has been a trainer at the Kenya School of Revenue Administration since 2005.

11. Dr. Terra Saidimu, EBS



Dr. Terra Saidimu was appointed Commissioner, Intelligence & Strategic Operations with effect from 2nd December, 2019. His contract with the Authority ended on 31st May, 2023.

He holds a Doctorate degree in Risk Management from University of Southampton, a Masters of Science in Corporate Risk and Security Management, Masters of Business Administration-Finance and a Bachelor of Business & Management-Accounting.

He has fifteen (15) years of experience in Tax Investigations and Intelligence having served in various positions in the Investigations and Enforcement Department prior to joining the Intelligence and Strategic

Operations Department (I&SO). Dr. Saidimu has made great achievements in multiple areas including leading KRA Management in mainstreaming Ethics and Integrity, development and management of a wide range of intelligence tools and practices which have identified taxpayers devising methods to evade taxes. He played a leading role in the ratification of the Multilateral Convention on Mutual Administrative Assistance on Exchange of Information for tax purposes.

He is a member of the Institute of Certified Public Accounts-Kenya (ICPA-K).

12. Dr. David Kinuu, EBS



Dr. David Kinuu was appointed Commissioner for Corporate Support Services Department with effect from 1st November, 2019. His contract with the Authority ended on 31st May, 2023.

He holds a PhD and a Masters Degree in Business Administration from the University of Nairobi, a Postgraduate Certificate in Environmental Assessment & Audit from Jomo Kenyatta University of Agriculture & Technology and Bachelors of Science degree in Mechanical Engineering from the University of Nairobi.

Before joining KRA, he had worked at Safaricom Ltd for more than seven (7) years in various capacities, including Head of Human Resources Shared Services and Senior Manager, Facilities, Health & Safety. Dr Kinuu also worked at different managerial roles in Shell Kenya Ltd and Oil Libya Kenya and Mozambique, among other companies. Dr Kinuu is a member of the Institute of Human Resource Management and the Institute of Engineers of Kenya.

13. Lillian Anyango Nyawanda



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

She holds a Masters of Business Administration degree from United States International University, Bachelor of Commerce (Finance) degree from the University of Nairobi and a Certificate in Customs and Tax Administration from Kenya School of Revenue Administration. She is currently pursuing a Doctorate in Public Policy & Administration from Walden University. She is a member of the National Society of Leadership and Success (Sigma Alpha Pi Honor – September, 2020).

14. Dr Edward Karanja



Dr. Edward Karanja was appointed Commissioner, Investigations and Enforcement effective 26th March, 2021. His contract with the Authority ended on 31st May, 2023.

He holds a PhD in Business Administration from Washington International University (WIU), MBA in Entrepreneurship and Strategic Management from United States International University, Master of Arts in Public Finance from Grips University, Tokyo, Japan and a Bachelor of Arts Degree in Economics and Mathematics from Egerton University.

He is an Associate Member of Certified Fraud Examiners (ACFE), and a fellow of the Institute of Certified Public Accountants of Kenya (ICPAK).

CHAIRMAN'S STATEMENT FOR THE FINANCIAL YEAR 2022/2023

Foreword

I am greatly honoured to present the Kenya Revenue Authority (KRA) Annual Report and Financial Statements for the Financial Year 2022/23. This is the second report within KRA's Eighth Corporate Plan implementation period (FY 2021/2022 to 2023/2024).

The 8th Corporate Plan theme is **"Revenue Mobilisation through Tax simplification, technology-driven compliance and tax base expansion"**. The strategic thrusts adopted in realizing KRA's principal role of mobilizing resources to finance the country's development agenda including the Government's Bottom Up Economic Transformation Agenda and the Sustainable Development Goals, are i) revenue mobilization; ii) Tax base expansion; iii) Simplification of the tax regime to ease compliance and service delivery; iv) Application of cutting-edge technology; v) Performance-oriented and ethical organization culture; vi) Strategic partnerships to bolster compliance.

During the 8th plan period, the Kenya Revenue Authority targets to collect **Kshs. 6.831 Trillion**. In the second year of the plan, FY 2022/23, KRA attained an overall net revenue performance of **95.3 percent** (collected **Kshs. 2.166 Trillion** against the revenue target of **Kshs. 2.274 Trillion**) despite the challenging global and domestic economic environment. This is a revenue growth of **6.7 percent**, as compared to **Kshs. 2.03 Trillion** collected in FY 2021/22. This revenue collection is the highest in KRA history, an indication of the sustained transformation of the Authority into a high-performance culture, leveraging technology as well as strict enforcement of tax laws.

Enhanced domestic revenue mobilisation by KRA is key to realizing the Government's Bottom-Up Economic Transformation Agenda (BETA). The Agenda is geared towards an economic turnaround and inclusive growth and aims to increase investments in at least five sectors envisaged to have the largest impact and linkages to the economy as well as on household welfare. These include Agricultural Transformation; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; Digital Superhighway and Creative Industry. As part of the economic turnaround plan, the Government aims to scale up revenue collection efforts by the Kenya Revenue Authority (KRA) to over Kshs. 3.0 Trillion in the short term.

Kenya's Economy

In the year 2022, Kenya's economy expanded by 4.8 percent, albeit at a slower pace than the 7.6 percent recorded in 2021. The 2022 growth was spread across all sectors of the economy but was more pronounced in service-oriented activities though suppressed agricultural production somewhat subdued the growth.

The external sector has remained stable despite the tight global financial conditions attributed to the strengthening of the US Dollar and uncertainties regarding the ongoing Russian-Ukraine conflict. Due to the strong dollar, the exchange rate to the Kenya shilling, like all world currencies, has weakened but strengthened against other major international currencies. The current account deficit was generally stable at 5.2 percent of GDP in the 12 months to November 2022 compared to 5.4 percent of GDP in November 2021 on account of improved receipts from service exports and resilient remittances.

Global Economy

The global economic outlook has become more uncertain - reflecting the impact of the ongoing Russia-Ukraine conflict, elevated global inflation, lingering effects of the COVID-19 pandemic, and persistent supply

chain disruptions. Global growth is projected to slow down to 2.9 percent in 2023 from the estimated 3.4 percent in 2022 mainly driven by sluggish growth in advanced economies.

The advanced economies are projected to decline from the estimated 2.7 percent in 2022 to 1.2 percent in 2023 reflecting a slowdown in the growth in the USA, Euro Area and United Kingdom. Growth in the emerging markets and developing economies is projected to rise modestly to 4.0 percent in 2023 from an estimated 3.9 percent in 2022 mainly driven by the recovery of activities in China with the full reopening in 2023. China's economy is projected to improve to 5.2 percent from 3.0 percent in 2022. In the sub-Saharan Africa region, growth is projected to remain moderate at 3.8 percent in 2023.

Revenue Performance

During the Financial Year 2022/23, the Authority collected a net of Kshs. **2.166 Trillion** against the target of **Kshs. 2.274 Trillion**. This represents a performance rate of **95.3 percent** and revenue growth of **6.7%** over Kshs. **2.031 Trillion** collected in the Financial Year 2021/22. This performance reflects improved compliance among taxpayers.

Exchequer Revenue

During the Financial Year 2022/23, the net Exchequer Revenue was Kshs. **2.029 Trillion** against a target of Kshs. **2.134 Trillion** and above the Kshs. **1.899 Trillion** collected in the previous financial year. This represents a performance rate of **95.1 percent** and a growth of **6.9 percent**.

Agency Revenue

In the FY 2022/23, Kshs. **136.390 Billion** was collected as Agency revenue against a target of Kshs. **139.469 Billion** translating to a performance rate of **97.8 percent**. The Agency revenue grew by **3.7** as compared to Kshs. **131.481 Billion** collected in the Financial Year 2021/2022.

Overview of factors underpinning revenue performance in 2022/23

Despite the slowdown in the domestic economy and the challenges in the global economy, the Authority recorded an impressive revenue performance attributed to the implementation of revenue mobilisation strategies as enshrined in KRA's 8th Corporate Plan, tax policy measures, and enhanced revenue administration.

KRA has continued to employ the use of technology to curb revenue leakages. Some of the developments include the implementation of eTIMS, enhancement of i-Tax, use of scanners to give smart alerts, and use of Integrated Customs Management System (iCMS) including targeting and profiling through the use of smart alerts and iCMS risk engine as well bond management and reconciliation.

KRA has also embarked on continuous and close monitoring to ensure compliance across all tax heads. The extensive use of data and intelligence to unearth unpaid taxes has led to improved voluntary compliance and tax base expansion which is aimed at on-boarding taxpayers previously not paying their fair share of taxes. Additionally, the strengthening of integrity measures has contributed to the continued realization of set revenue collection objectives.

Kenya's Economic Outlook

The National Treasury in the 2023 BPS projects the Kenyan economy to grow by 6.1 percent in FY 2023/24 and maintain that momentum over the medium-term to reach 6.2% in FY 2024/25 and 6.1% in FY 2025/26. This growth will be supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates. From an expenditure perspective, private consumption is expected to

boost aggregate demand, supported by the ongoing labour market recovery, improved consumer confidence, and resilient remittances.

Appreciation

On behalf of the Board of Directors, I wish to extend my appreciation to the National Treasury and look forward to their continued support as KRA undertakes its mandate of revenue mobilization. I'd like to take this opportunity to thank my fellow Board members, KRA management and all staff for their tireless efforts in ensuring the Authority achieved a remarkable revenue performance despite the challenging macroeconomic environment.

To our esteemed taxpayers, thank you for honouring your tax obligations and contributing to our slogan of 'tulipe ushuru tujitegemee'. It is your commitment to our nation through filing and paying your fair share of taxes that has enabled us to come this far.



ANTHONY NG'ANG'A MWAURA

CHAIRMAN, KRA BOARD OF DIRECTORS

COMMISSIONER GENERAL'S STATEMENT

1) Introduction

The Financial Year 2022/23 fell midway through the implementation of the 8th Corporate Plan (2021/22 to 2023/24). The plan's theme is *"Revenue Mobilisation Through Tax Simplification, Technology-Driven Compliance, and Tax Base Expansion."* The Plan builds on the successes gained by KRA since it was established by focusing on tax simplification, the use of modern technology, and strategic partnerships. Despite an economic downturn caused by an unfriendly global fiscal climate, KRA achieved a net revenue collection of Kshs 2.166 Trillion for the period July 2022 - June 2023, compared to Kshs. 2.031 Trillion in the previous fiscal year.

2) Operating Environment

Kenya's GDP was expected to expand by 5.8 percent in FY 2022/23 and 6.1 percent in FY 2023/24, according to the 2023 Budget Policy Statement. This projected rebound will be bolstered by the government's Bottom-Up Economic Transformation Agenda, which is aimed at economic recovery and inclusive growth. Tax expansion will be aided further by broad-based private-sector growth, particularly agricultural activities, while the public sector consolidates. Private consumption is likely to sustain aggregate demand in terms of expenditure, thanks to the ongoing labour market recovery, rising consumer confidence, and resilient remittances.

3) Revenue Performance

Revenue collection in the FY 2022/23 stood at a net of **Kshs. 2.166 Trillion** compared to **Kshs. 2.03 Trillion** collected in FY 2021/22. The revenue collected fell short of the revenue target of **Kshs. 2.274 Trillion**, translating to a performance rate of **95.3 percent** and revenue growth of **6.7 percent**.

It is important to note that revenue collection has progressively increased in the last 5 years from Kshs. 1.58 Trillion in FY2018/2019 to Kshs. 2.166 Trillion in FY2022/23, a growth of 37 percent (Kshs 585.856 Billion). The trend in revenue performance as shown in Figure 1 indicates consistent revenue growth from 2015/16 to 2022/23, with average annual revenue growth of 9.5 percent in the eight years.

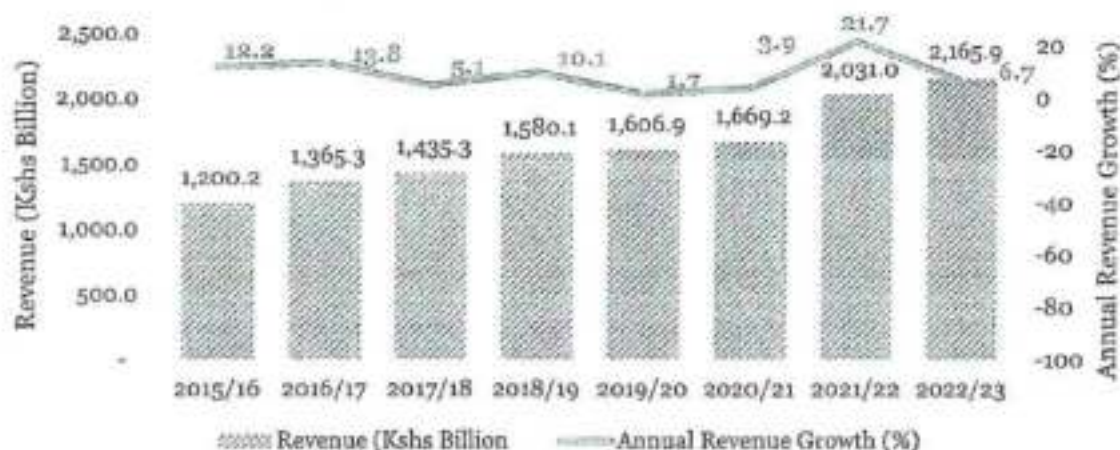


Figure 1: Tax Revenue Trends (2015/16 – 2022/23)

i. Customs and Domestic Taxes Performance

Net Revenue collection by Departments is shown in Figure 2. Customs and Border Control collected **Kshs. 754.090 Billion** in FY 2022/23 against a target of **Kshs. 788.611 Billion** registering a revenue shortfall of **Kshs. 34.521 Billion**. Customs revenues grew by **3.5 percent** over **Kshs. 728.497 Billion** collected in FY 2021/22 and recorded a performance rate of **95.6%**.

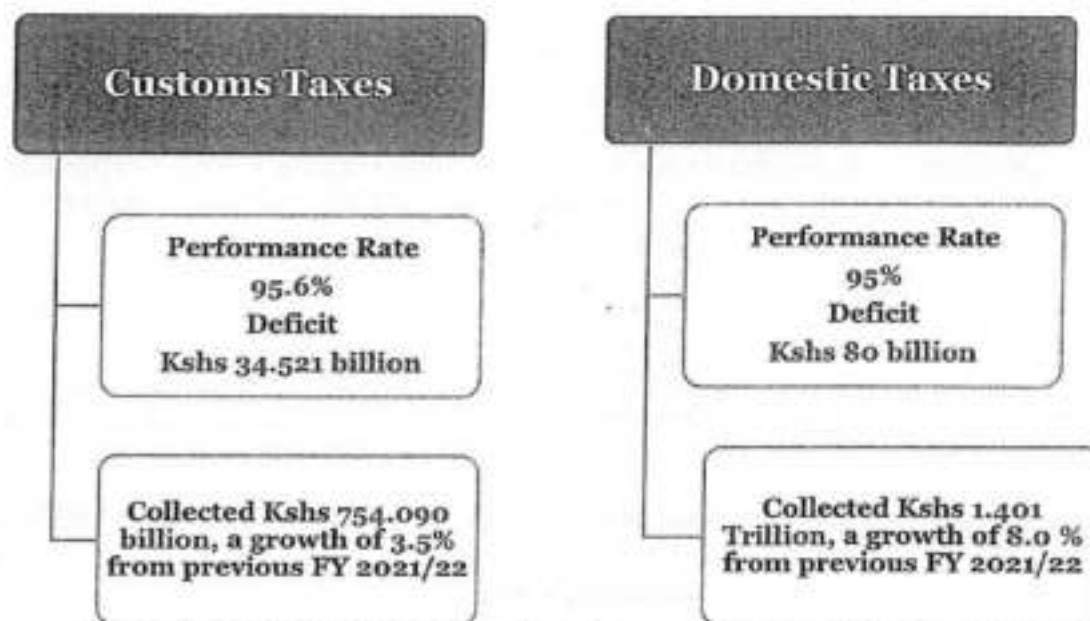


Figure 2: FY 2022/23 Performance rate against the target

On the other hand, the Domestic Taxes Department collected **Kshs. 1.401 Trillion** in FY 2022/23 against a target of **Kshs. 1.481 Trillion**, a revenue shortfall of **Kshs. 80 Billion**. Domestic tax revenue grew by **8.0 percent** over **Kshs. 1.297 Trillion** collections in FY 2021/22 and recorded a performance rate of **95 percent**.

ii. Performance of Key Tax Heads

Corporation Tax: Income Tax from Corporations performed at **Kshs 443.827 billion** against a target of **Kshs 478.691 billion**, a performance of **93%**. The tax head recorded a growth of **7 percent** in the FY 2022/23. This performance was driven by increased remittance from sectors like: Wholesale & Retail Trade; Finance & Insurance; Information & Communication; Electricity, Oil, & Gas. These sectors contributed **66.2 percent** of the Corporation taxes.

Pay As You Earn (PAYE): P.A.Y.E collection was **Kshs. 494.979 Billion** against a target of **Kshs. 511.316 Billion**. The performance was mainly driven by remittance from private firms and the public sector, which grew by **10.7%** and **1.9%** respectively.

Domestic Excise: The tax head recorded a growth of **2.8 percent** in FY 2022/23, with a collection of **Kshs 68.124 Billion** against a target of **Kshs 74.559 Billion**. The performance is attributed to the growth in revenue from Cosmetics (60.6% growth); Wines and Spirits (8.7% growth); Bottled Water (4.4% growth); Soft Drinks (8.0% growth); Beer (0.4% growth); and Tobacco (2.8% growth).

Domestic VAT: Domestic VAT collection amounted to **Kshs. 272. 451 Billion** in FY 2022/23 compared to **Kshs 244.706 Billion** in FY 2021/22, a growth of **11.3 percent**. The growth is attributed to the

implementation of the Tax Invoice Management System (TIMS), which has enhanced compliance among VAT-registered taxpayers.

4) Key Revenue Drivers FY 2022/23

The revenue growth is attributed to the implementation of key strategies as enshrined in KRA's 8th Corporate Plan. Some of these strategies include:

Customer Support Programmes: These programmes strive to create a customer-centric tax environment to increase voluntary compliance and boost revenue collection. Among the programmes are tax education and awareness, stakeholder engagements and roundtables, and customer visits to appreciate compliant taxpayers. KRA is also rebranding as Kenya Revenue Service (KRS) to enhance customer interactions, streamline taxpayer services, and engage stakeholders more efficiently.

Tax Base Expansion: This seeks to bring on board taxpayers previously not paying. KRA was able to collect **Kshs 14.649 Billion** in revenue as a result of the programme. Some of the TBE activities include landlord recruitment under the Monthly Rental Income (MRI) obligation and the Block Management System (BMS) to map out new taxpayers, among others. During the period under review, KRA recruited 940,483 new active taxpayers under the project.

Taxation of the digital economy: Digital Service Tax and VAT on Digital Market Supply have brought inclusivity in the payment of taxes, especially from non-residents. KRA collected a total of **Kshs 5.328 Billion** from these tax heads, translating to a growth of 207.9% compared to the same period in the financial year 2021/2022.

Tax at Source: This programme allows KRA to collect information and revenue directly at the source of income on a real-time basis. Some of the initiatives under this programme that KRA has implemented include;

- **Electronic Tax Invoice Management System (eTIMS)** which has minimised VAT fraud and increased tax revenue. A total of **95,732 VAT registered taxpayers** were onboarded which led to remittances of **Kshs 272.365 Billion**. The revenue performance outlook is expected to improve further upon enhanced uptake of eTIMS. In addition, eTIMS is also expected to achieve simplified return filing through prepopulated VAT returns.
- **Integration of betting and gaming companies** into the KRA tax system. The integration has given KRA real-time access to all companies in the gaming and betting sector. This enabled KRA to collect **Kshs 14.234 Billion** in Excise Duty and Withholding Tax from 21 taxpayers that have been on-boarded.

Debt collection initiatives: KRA enhanced collection from debt programmes on non-compliant taxpayers, netting a total of **Kshs 99.272 Billion** in FY 2022/2023. This performance is attributable to follow-ups on demand notices and the debt instalment plans agreed upon with taxpayers, which has netted **Kshs 64.681 Billion**, and follow-ups of agency notices, which enabled KRA to collect **Kshs 34.591 Billion**, among others.

Dispute resolution framework: The framework enhanced revenue collection from Litigation, Alternative Dispute Resolution (ADR), and Tax Appeals Tribunal (TAT). As of June 2023, a total of 1,035 cases had been resolved through ADR generating **Kshs 15.255 Billion** while 2,000 court cases had a revenue potential of **Kshs 45.363 Billion**.

KRA has continued to use technology to streamline tax administration and facilitate trade. Among the systems implemented are the Integrated Customs Management System (iCMS), iTax, Regional

Electronic-Management System (RECTS), Smart Gates, Data Warehouse and Business Intelligence, and Integrated Scanners, as well as the Excisable Goods Management System (EGMS). KRA will adopt an online public auction in the new fiscal year, which will streamline the **procedure and offer a level playing field for taxpayers eager to engage in the process.**

5) Outlook

The revenue target for the FY 2023/24 is **Kshs. 2.768 Trillion**, implying a growth of **27.8 percent** over FY 2022/2023 collection. Revenue contribution for key tax categories is as follows: PAYE (**22.4%**), Dry taxes (**21.4%**), VAT Domestic (**12.9%**), Petroleum taxes (**12.0%**) and Corporation Tax (**12.2%**).

The National Treasury projected that the economy would expand by **5.8 percent** in FY 2022/23 and maintain momentum over the medium term (2023/24-2025/26). The growth outlook will be reinforced by the Government's Bottom-Up Economic Agenda (BETA) geared towards economic turnaround and inclusive growth.

The Authority is implementing the last phase of the 8th Corporate Plan (2021/22 to 2023/24. With taxpayers' continued support, projected economic growth of 5.8 percent in FY 2022/23, a commitment to the implementation of the 3 Trillion strategy, a progressive tax policy framework, tax simplification, and a robust tax compliance mechanism, KRA is confident that it will meet this target and enable the government to finance its economic agenda.

6) Conclusion

I'd like to thank the KRA Board of Directors, management, and staff for their hard work and dedication during the just concluded financial year 2022/23. I am glad to inform you that, despite the volatile and unpredictable economic environment coupled with other challenges, KRA recorded revenue growth. I would also take this opportunity to thank The National Treasury and Economic Planning for the support accorded to KRA in executing its mandate.

On behalf of the KRA Board of Directors and Staff, I thank all compliant taxpayers for respecting their tax commitments and contributing to Kenya's economic sustainability by registering, filing, reporting accurately, and paying their due share of taxes. KRA strives to be more approachable and to make taxpaying a pleasurable experience. KRA reiterates its commitment to serving taxpayers with integrity and competence.



HUMPHREY WATTANGA

COMMISSIONER GENERAL

REVIEW OF KENYA REGULATORY & NON-COMMERCIAL ENTERPRISE'S PERFORMANCE FOR FY 2022/23

Statement of Performance against Pre-Determined Objectives

KRA has four balanced scorecard perspectives and four overarching goals within its strategic plan for the period 2021/22 to 2023/24. These strategic perspectives are:

- 1) Revenue,
- 2) People,
- 3) Customer, and
- 4) 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 monthly by perspective. KRA achieved most of its performance targets set for the FY 2022/23 period for its four strategic perspectives as indicated in Table 1.

Table 1: Strategic Achievements in FY 2022-23

Strategic pillar/ perspective	Objective	KPIs	Activities	Measure	FY 2022/23 Achievement
Revenue	Realize government revenue targets while building a sustainable tax base.	Total Revenue collected	- Risk-based compliance management - Debt management - Smart intelligence and investigation - Tax base expansion - Post clearance audit - Integrated scanner management - Cargo tracking	Kshs. Bn	Kshs. 2.166 Trillion was collected against a target of Kshs. 2.274 Trillion. The Exchequer Revenue amounted to Kshs. 2.030 Trillion against a target of Kshs. 2.135 Trillion while agency revenue collection was Kshs. 136 Billion against a target of Kshs. 139 Billion
		On-time payment	Compliance activities	%	The on-time payment rate for June 2023 was 76%.
		Active taxpayers	Tax base expansion	No	The number of active taxpayers by June 2023 was

Kenya Revenue Authority
Annual Performance Financial Statements
for the year ended June 30, 2023

Net Revenue
 Tax
 Rebates
 and
 other
 income

Strategic pillar/ perspective	Objective	KPIs	Activities	Measure	FY 2022/23 Achievement
			Turning around non-filers		8.153 million. This included 2,029 VAT non-filers turned around.
		Landlords recruited	Implement Block Management System	No	203,632 MRI obligations were added as of June 2023 against a target of 193,625
		High net worth individuals recruited	i. Review the HNWI framework to redefine sub-segments of HNWIs to include wealth value ii. Implement the revised framework, identify and recruit more HNWIs	No	170 High Net worth individuals were recruited with a collection of Kshs. 1,896 million against a target of Kshs. 1,543 million
		Cases investigated	Enhance intelligence-driven investigation	No	417 cases were investigated with a revenue collection of Kshs. 21.57 Billion
		Cases resolved out of suitable disputes received under ADR	Interdepartmental collaboration and support to the ADR mechanism	%	1,038 out of 1,301 cases were resolved (79.8%). The target for FY 2022/23 was 77%
		Systems integrated	Integrate internal and external systems.	No	Achieved 3 system integrations with iTax: - Central Bank of Kenya (CBK) securities - EGMS integration for Excise and TCC validation

Strategic pillar/ perspective	Objective	KPIs	Activities	Measure	FY 2022/23 Achievement
					• 36 GBLPs (Gaming, Betting, Lottery and Prize)
		Value of illicit goods removed from the market	• Implementation of stringent measures provided in law • Awareness creation and deterrence through publicity • Collaboration with other agencies	Kshs. Mn	Illicit goods worth Kshs 1,625.2 million were removed from the market. This performance is attributed to joint interventions by DTD, C&BC and I&SO.
Customer	Achieve exceptional customer service and community outreach	Customer satisfaction index	• Tax simplification • Stakeholder engagements • Trade facilitation • Refunds management	%	KRA satisfaction index for the FY 2022/23 Was 73.3% a 0.8% improvement from 72.5% in the FY 2021/22 survey.
		Pre-arrival Cargo Clearance	Uptake of clearance of goods before docking at the Port of Mombasa	%	Attained Pre-arrival processing (PAP) uptake of 34% in June 2023 from 25% achieved in FY 2021/22.
		Time taken to release goods (Port of Mombasa, ICD-N, KR Shed)		Hours	Time taken to release goods at Port of Mombasa and ICD-N decreased from 112.6 hours in 2021/22 to a cumulative average of 50.29 hours as of June 2023 against a target of 111 hours.
Business process	Reduce the overall cost of	Cost of collection	• Roll out of simplified online	%	Achieved a cost of collection of 1.38%

Strategic pillar/ perspective	Objective	KPIs	Activities	Measure	FY 2022/23 Achievement
	collection while improving the quality of operations and services		self-services - Systems Integration - Advanced data analytics - Reliable and resilient IT infrastructure		Recurrent Expenditure of Kshs 28.05 Billion incurred against Exchequer Revenue collection of Kshs. 1,821.346 Billion.
		Automation level	Maintenance of quality standards	%	96.6% automation level as of June 2022 (External assessment by ICT Authority)
People	Continue to build a performance-driven and ethical workforce	Optimise human resource capability and capacity	- Talent management - Implementation of structured training - Improved performance management - Repositioning KESRA as a premier training institution	%	Ratio of technical to support staff increased from 70.6% to 73.6% as of June 2022. 1,171 Officers from various departments trained in foundation courses in Tax & Customs
		Improved work environment	- Provision of working tools - Implementation of transport management framework	No	- Procured 225 laptops - Purchased 5 Motor vehicles and disposed 22 20,000sq. ft of office space leased - Developed a Property Development Strategy.
		Enhancing integrity	Staff vetting and investigation		Corruption perception about KRA improved (corruption

Strategic pillar/ perspective	Objective	KPIs	Activities	Measure	FY 2022/23 Achievement
			- Corruption risk analysis and prevention - Integrity awareness to internal and external stakeholders		perception index declined from 31.3% in 2021/22 to 31.12% in 2022/23).

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 fifteen (15) meetings which included three (3) special meetings.

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 seven (7) times and its Members were:

1. Mr. Michael Kamiru,
2. Ms. Wilkister Simiyu,
3. The Attorney General and
4. Commissioner General.

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 met seven (7) times and its Members were:

1. Mr. Darshan Shah,
2. Mr. Michael Kamiru,
3. The Attorney General and
4. Commissioner General.

Board Audit and Risk 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 ten (10) times and its Members were:

1. Mr. Ashif Kassam,
2. Dr. Fancy Too,
3. Mr. Samir Ibrahim and
4. Principal Secretary – National Treasury and Planning.

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 five (5) times and its Members were:

1. Dr. Fancy Too,
2. Mr. Darshan Shah,
3. Principal Secretary – National Treasury and Planning and
4. Commissioner General.

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:

1. Ms. Wilkister Simiyu (Chair),
2. Mr. Samir Ibrahim,
3. Ms. Ashif Kassam and
4. Commissioner Corporate Support Services.

Board Matters

Attendance to board meetings by members	In the Financial Year 2022/2023: There were fifteen (15) full Board Meetings and twenty-nine (29) Board Committees Meetings attended by Members.	
	Meetings	No. of Meetings
	Full Board	15
	Finance, Administration and Procurement Committee	7
	Human Resources Committee	7
	Revenue, Strategy and Technology Committee	5
	Audit Committee	10
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 18 th March, 2021.	
Process of appointment and removal of directors	As per the Kenya Revenue Authority Act Sections 7 and 8.	
Roles and functions of the Board	As per the Kenya Revenue Authority Act Section 6(6).	
Induction and training	The Directors attended the following Workshops: • Induction Programme for Public Sector Boards at the Kenya School of Government (20th to 22nd March, 2023) – 7 Directors attended. • Induction Workshop for Board Members of State Corporation facilitated by the State Corporations Advisory Committee (17th to 19th April, 2023) – 1 Director attended.	
Board and member performance	The Board Performance Self-Assessment for Financial Year 2022/2023 is scheduled for 11 th August, 2023 and facilitated by the State Corporations Advisory Committee.	
Conflict of interest	Conflict of interest is declared in all Board and Board Committee Meeting and recorded as part of the proceedings.	
Board remuneration	As per the relevant Government Circular: Sitting Allowance: Letter dated 11 th February, 2011 Ref ZZ MOF 131/04	
Ethics and conduct	This is provided for under chapter 3 of the Board Charter, which quotes policies and acts that the Board Members as public officers are subject to.	
Governance audit	The State Corporations Advisory Committee (SCAC) vide their letter Re No. OP/SCAC.9/175A dated 20th February, 2020 indicated that the SCAC was in the process of accrediting Governance Auditors and they would share the list once the process was complete. The Governance Audit to be undertaken by SCAC upon accreditation of auditors. The Authority awaits further guidance.	

MANAGEMENT DISCUSSION AND ANALYSIS

1. 1.0 Revenue Performance and Growth FY 2015/16 – FY 2022/23

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 the Minister for Finance may direct. In the following sections, the report presents the revenue collected, the contribution from the two main departments, and the collection against the target for the eight years. It also gives an overview of some anticipated risks and their mitigation measures.

In Figure 1, the revenue collection trend from FY 2015/16 to FY 2022/23 is presented. The figure shows consistent revenue performance in this period, with average annual revenue growth of **9.4 percent** in the eight years and **10.8 percent** in the last three years. The highest revenue growth was recorded in FY 2021/22 at **21.7 percent**.

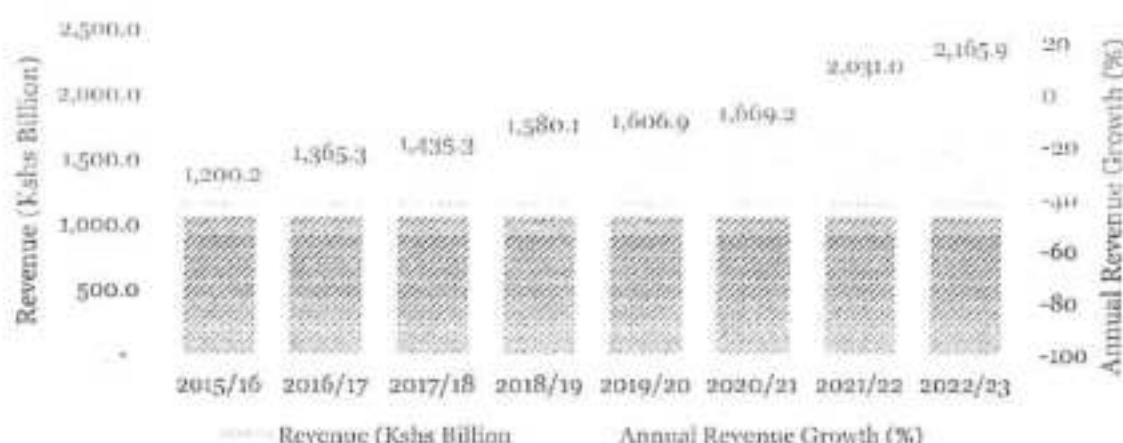


Figure 3: Tax Revenue Trends (2015/16 – 2022/23)

As shown in Figure 2, Customs and Border Control collected **Kshs. 754.090 Billion** in FY 2022/23 against a target of **Kshs. 788.611 Billion** registering a revenue shortfall of **Kshs. 34.521 Billion**. Customs revenues grew by **3.5 percent** over **Kshs. 728.497 Billion** collections in FY 2021/22 and recorded a performance rate of **95.6%**. On the other hand, the Domestic Taxes Department collected **Kshs. 1.401 Trillion** in FY 2022/23 against a target of **Kshs. 1.481 Trillion**, a revenue shortfall of **Kshs. 80 Billion**. Domestic tax revenue grew by **8.0 percent** over **Kshs. 1.297 Trillion** collections in FY 2021/22 and recorded a performance rate of **95 percent**.

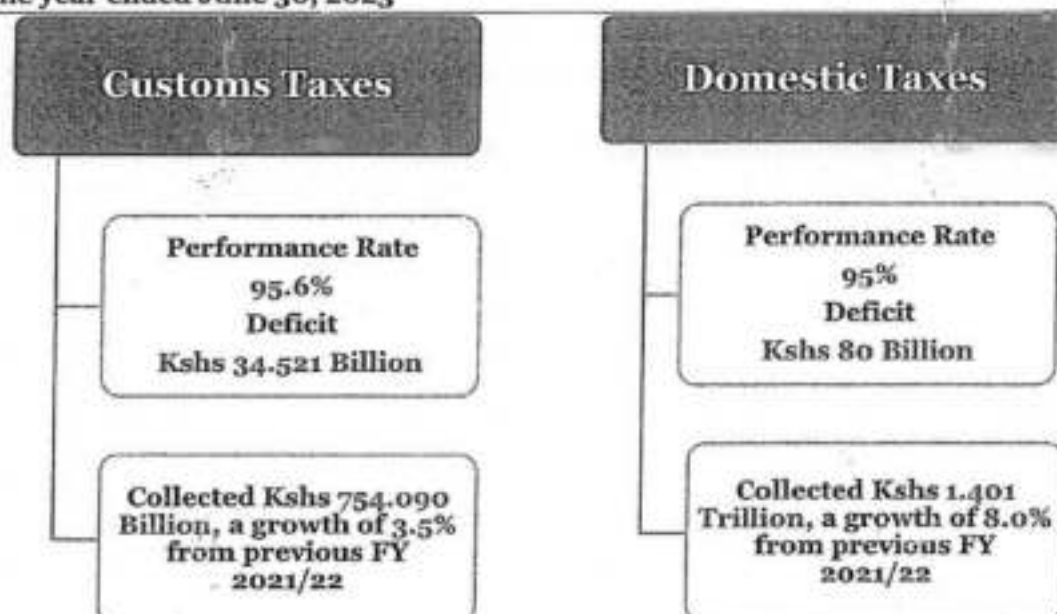


Figure 4: FY 2021/22 Performance rate against the target

2. Revenue Performance against Target FY 2015/16 – FY 2022/23

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 eight years, KRA has consistently missed her target by an average of 2.43%. 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 2022/23, the revenue collection fell short of the revised target by 4.76 percent, occasioned by the effects of the slowed economic growth in 2022 which went down to 4.8 percent from 7.6 percent in 2021.

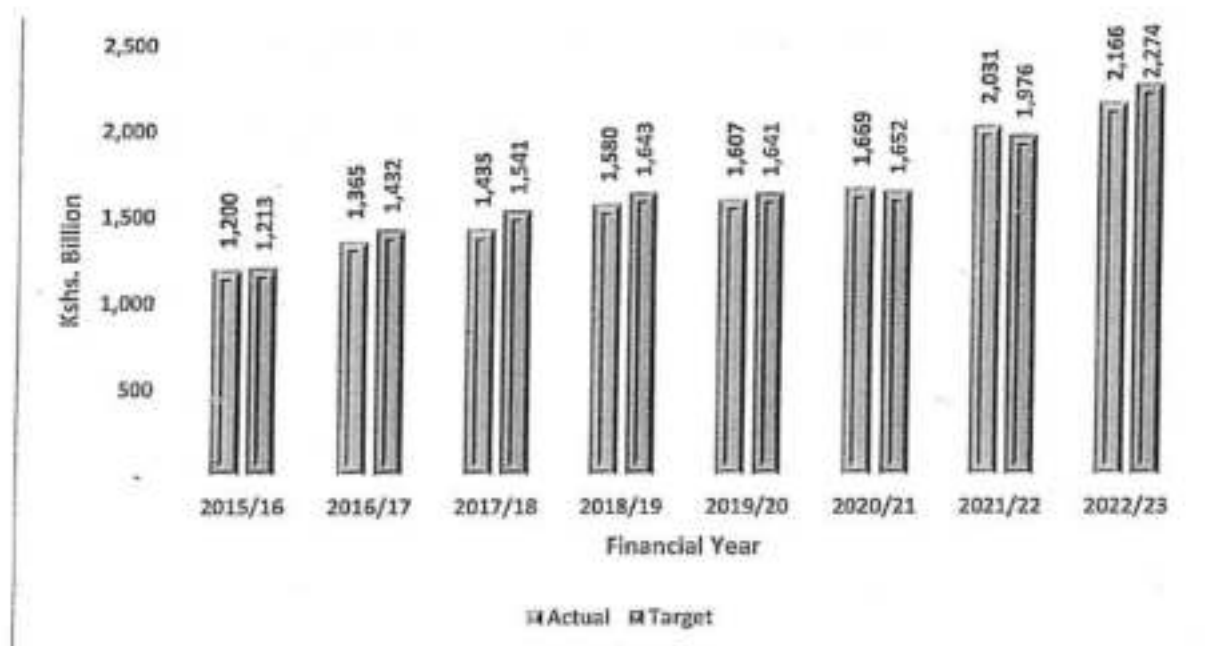


Figure 3: FY 2015/16 - FY2022/23 Actual Collection against Revised Target

3. Risks and Mitigation in the 8th Corporate Plan

While KRA remains optimistic about implementing her mandate, we take cognisance of the risks that can lead to challenges in the implementation of this mandate. For this reason, risk mitigation measures have been put in place to ensure effective risk management. Some of the anticipated risks are discussed in this section.

a. Non-registration of taxpayers

To mitigate this risk, KRA's Eighth Corporate Plan is implementing tax base expansion through the recruitment of new taxpayers, subjecting persons and entities to taxes that were previously exempt, and the addition of new obligations to the taxpayers already in the tax base. The strategies for tax base expansion focus on the taxation of the informal sector, the use of a Geographic Information System for Block management system, increased compliance by High Net-Worth Individuals to promote equity, taxation of the digital economy, and strategic collaboration and partnerships for revenue mobilization.

b. Taxpayer/Customer experience risk

To mitigate this risk, KRA has enhanced efforts towards simplification of tax processes and technology links to make it easy for taxpayers to comply with their tax obligations. KRA is also implementing tax policy reforms to ensure stability and clarity of tax laws and avert risks associated with policy formulation and design.

c. Data integrity risk

This is the risk that data stored and processed by Information Technology (IT) systems are incomplete, inaccurate, or inconsistent across different IT systems. KRA is in the process of cleaning up the taxpayer database. A clean taxpayer database is critical for revenue mobilisation as it ensures that the taxpayers have the correct obligations and ledger balances reflect the correct position.

d. Smuggling risk

This comes about due to the instability and underdevelopment of some neighbouring countries thus facilitating smuggling across porous borders. This risk is mitigated through the following strategies: i) Use of East Africa Community Centralized Platform for information and data exchange interface; ii) Work with the multi-agency task force to tackle security, smuggling, and illicit trade; and iii) Improve border management.

4. 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 2020)	15	1. eJuris (iLaw) /Dec, 2020 2. Imposter Detection System /Dec 2020 3. VDI (Centralised End User Computing) /Dec, 2020 4. New Data Centre /Nov, 2020 5. iTax Take over /Feb, 2021 6. iScan /Feb, 2021 7. IP Telephony II - June 2021 8. IDEA- June 2021 9. Regional Electronic Cargo Tracking System (RECTS) – June 2021 10. WAN Optimization and Kilindini Network Upgrade – June 2021 11. Tenable Security – June 2022 12. KESRA Chatbot/Mobile App – June 2022 13. M-service – October 2022 14. Nairobi Revenue Services System – October 2022 15. TIMS – January 2022
Completion & Closure (90% - 100%)	8	1. iCMS 2. Ushuru Pensions Towers Phase II Fit out 3. Travel Management on Share Point 4. Integrated Access & Identity Management Solution 5. Social Media Management tool 6. DWBI (insight)

		7. Refurbishment of Secondary Data Centre 8. Case Management System
Execution (16% - 89%)	9	1. East African Regional Transport, Trade and Development Facilitation Project (EARTTDFP) 2. Electronic Queue Management System 3. Security Operations Centre 4. Digital Forensics Lab 5. Performance Management Solution 6. Exchange of Information System (EOIS) 7. Horn of Africa Gateway Development Project (HoAGDP) 8. Anonymous Reporting System (Phase III) 9. eTIMS

ENVIRONMENTAL AND SUSTAINABILITY REPORTING
Employee Welfare Activities for FY 2022/2023

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) HR conducts and report gaps to relevant HoDs to ensure a safe and healthy work environment
 - b) Employees/ departments channel their work environment challenges to HR for facilitation as necessary
 - c) HR 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 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) HR conducts sensitizations on the importance of leave (rest and avoid burn out) on a regular basis.

Efforts made in improving the reward systems

- a) The Authority in an effort to improve the reward system offers performance based rewards.
- b) The Authority offers competitive remuneration packages and benefits geared towards improving the pay package. To ensure the remuneration package remains competitive, the Authority has engaged a consultant to conduct a salary survey with a view to enhancing the remuneration package.

Efforts made in improving skills and managing careers

The Authority has continued to optimise capability human resource capability and capacity through implementation of talent management, structured trainings and repositioning KESRA as a premier training institution.

- a) The ratio of technical to support staff stood at 73.60% as at June 2023 thereby surpassing our target as per the Authority's strategic plan.
- b) 999 Officers from various departments trained in foundation courses in Tax & Customs against a target of 700.



CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

Statement Purpose:

Kenya Revenue Authority's (KRA) goal is to positively impact the lives of taxpayers by collaborating and sponsoring different community social engagements that demonstrate the role of tax in Kenya's development. In addition, KRA seeks to influence the public perception and generate positive reputation.

The Corporate Social Responsibility (CSR) statement is a progress report on the community engagements towards our good corporate citizenship mantra. KRA's corporate sustainability target audience include employees, their families, local communities and society. The CSR initiatives aim to improve quality of life the environment and the economy in the long-term. Since 2016, KRA has been implementing CSR initiatives through four pillars namely: **Environment, Health, Education, and Sports.**

In the 2022/2023 Financial Year, KRA staff volunteers played a key role in the implementation of forty-three social engagement initiatives through a **CSR Volunteerism Programme** and CSR sponsorship.

Theme of FY 2022/23 CSR initiatives

Our theme for CSR this year is *Twasonga Pamoja*. This statement highlights our journey of collaboration with both our internal and external through partnerships for a common goal is supporting initiatives for people, planet and profit. During this period, KRA participated in the Government of Kenya (GoK) 15Billion tree planting drive towards national climate change mitigation. KRA also implemented innovative approaches to CSR that led to the success articulated in this report.

Innovative approach to CSR

- **Staff Volunteers Programme**

Kenya Revenue Authority (KRA) has entrenched volunteerism as an enabler of Corporate Social Responsibility (CSR) where KRA staff invest their time and resources to engage with the community on social related causes aside from their tax collection duties. This demonstrates the human face of KRA and contribute in empowering the Kenyan populace. KRA as registered **342 Staff Volunteers**. In the FY 2022/ 23 KRA Volunteers gave **763 Hours** to community service. This is approximately 32 days of their time in serving the community.

- **Feeding programme**

The Feeding Programme is a partnership between Relationship Haven and the Hindu Council of Kenya conducted every Sunday from 12.30 pm to 5:00 pm. Between March and June, 2023 KRA volunteers gave their time in serving **3000** families and children in Nairobi slums namely; Umama Grounds, Komarok, Kawangware kwa Chief, Huruma, Soweto, Embakasi, Dagoretti, Ngando Ward, Mwiki, Kasarani, Mihango, Lake View Junior Academy, Kibera High- Rise Soweto Resource Centre, Dagoretti, Ngando Ward, Babadogo area.

1. Environment pillar

• From Tree Planting to Tree Growing

KRA has adopted a sustainable tree-growing model where students adopted trees in schools and are nurturing them. Some of the partner schools include; Bohorera and Kombe in Isebania, Malaba Township School amongst others. This model has seen **100%** survival rate for the trees planted. This year alone KRA has planted **45,604 trees**. This translates to **KShs. 6,840,600** spend on trees at KShs. 150 per seedling. Part of the trees planted were attributed to a partnership with Nairobi Arboretum Conservancy Community Forest Association (NACCFA) where 16,000 trees were planted.

2. Education pillar

• Mentorship initiatives

Through the volunteers programme KRA implements mentorship initiative under the education pillar and targets the youth from underserved areas enrolled in primary, secondary and university levels. During the year, KRA engaged with various partners and **60** volunteers mentored **358** youth and teen mothers in Ngong, Kibra and Mukuru kwa Reuben.

a. Inaugural mentorship programme in Kibra

KRA implemented its inaugural School Holiday Mentorship programme in Soweto, Kibra on 23rd September 2022 where **13 staff** Volunteered to mentor **63** primary and secondary Students.

b. Mentorship programme at Mukuru Skills Centre

KRA took part in a mentorship program at Mukuru Skills Training Centre in Mukuru Kwa Reuben on 31st March 2023 under the theme *"The future is bright, form ni Kujituma"*. About 300 teen mothers were mentored with 30 KRA staff. KRA through Corporate Social Responsibility (CSR) program organized the mentorship program in partnership with The Kenya Red Cross, YMCA, Hope Worldwide, Health Right Kenya, PHDA among others health focused organizations that provided free medical check-ups to the women and their children. KRA staff also participated in chapati forum where they interacted with the teen mothers at more personal level.

c. Standing with Boys during International Women's Day

KRA joined the world in celebrating International Women's Day (IWD) on 8th March 2023 through community social engagements in various parts of the country under the theme# *'Embrace Equity.'* In the spirit of embracing equity, KRA organized a community engagement program for boys and young men in partnership with Life Song at the Halfway house in Ngong, Kibiko area. Thirty KRA volunteers mentored 36 young adults, counselled, cooked and danced with the boys

• Sustainability

The 8th Corporate plan 2022-24 committed integrating sustainability in CSR. To this end, KRA supported a dairy goat project to support the boys as a source of economic independence.

• **Capacity building for volunteers**

KRA facilitated capacity-building sessions for 160 volunteer mentors on national volunteerism policy and mentorship.

3. **Health pillar**

KRA observed the International Dyslexia Awareness month on 31st October by sensitizing 1116 staff on volunteers' staff neurodiversity programme and Dyslexia in the work place.

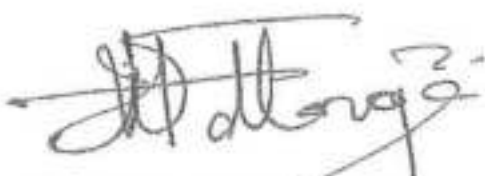
4. **Sports pillar**

KRA sponsored football match in Western Region at Customs stadium with participants from Kuria West, Kuria East and parts of Migori.

Summary of Community Social Engagements

No.	Activity	Month	Description
1.	Registration Drive Campaign for Volunteers	June 2022	KRA establishment the staff volunteerism programme in June 2022 and has so far registered 343 volunteers.
2.	Mentorship Programme	September 2022	KRA launched its inaugural mentorship programme. So far, KRA has conducted three mentorship sessions as follows; • Soweto, Kibra where 63 primary and secondary students were mentored by 13 staff volunteers • Ngong Halfway House where 36 young adults by 10 mentors and counsellor. KRA staff also cooked and cleaned the home • Mukuru Skill Centre where 30 KRA staff volunteers mentored 300 youth and teen mothers.
3.	Dyslexia Sensitization	October 2022	KRA established a staff led neurodiversity initiative that seeks to sensitize staff neurodiversity matters by marking key international days. KRA organized staff sensitization themed 'Dyslexia in the Work Place,' to mark International Dyslexia Awareness month where 1116 staff participated
4.	Sports	December 2022	KRA Western Region sponsored sponsorship a football tournament at the KRA Customs Stadium where staff competed against the public in Kuria West, Kuria East and parts of Migori
5.	Tree planting		KRA planted 45,604 trees in the FY ending June 2023. The trees were planted by KRA staff in Mombasa, Kwale, Embu, Elgeyo Marakwet, Eldoret, Kisumu and Swan Border point
6.	Tenda Wema Campaign	December 2022	Tenda Wema campaign is a voluntary staff donation drive that enabled staff give back to the society in kind through food, clothes and dignity kits donations. Different KRA regions participated as follows; 1. Northern region Food, clothes and dignity kits donations were made to: • Families in rural Makindu. • Stephen's Children's Home in Embu • Families in Hadesa and Qualaliwe Village, Wajir

			Bethsaida Home for the Elderly and Disabled in Korompoi, Kajiado. The team also painted classrooms at Meru School for Mentally Handicapped. 2. North Rift Region Food, clothes and dignity kits donation to Cerebral Palsy Children's home in Eldoret. 3. Central Region KRA participated in a community cleanup of Nyeri town. 4. Western Region Food and dignity kits donation to St. Mary Ukwala. 5. Southern Region Food and dignity kits donations to APDK Children Home in Port Reitz and Ziwani School for the Deaf. The team also participated in a community cleanup of Majengo market. 6. South Rift Food and dignity kits donations to Nakuru Hills School and Phyllis Wamboi Children's home located near Kabarak. 7. Nairobi Conducted a countrywide Legal Clinic for KRA staff. Volunteers to run the clinic were drawn from the Legal Service & Board Coordination Department.
7	Feeding Programme	February 2023	A Feeding Programme was established in partnership between Relationship Haven and the Hindu Council of Kenya conducted every Sunday from 12:30 pm to 5:00 pm. KRA volunteers have participated in feeding individuals in the following low income areas: • Umma Grounds in Komarok • Kawangware kwa Chief • Huruma kwa Chief • Soweto, Embakasi • Dagoretti, Ngando Ward • Mwiki, Kasarani Area • Mihango, Late View Junior Academy • Kibera High- Rise Soweto Resource Centre • Babadogo area
8.	Good Deeds Day	April 2023	As part of the community social engagements KRA marked International Good Deeds Day Celebration on 16th April 2023 at City Hall Way where six (6) KRA staff participated in a march. KRA also assisted taxpayers to file their returns


HUMPHREY WATTANGA
COMMISSIONER GENERAL

REPORT OF THE BOARD DIRECTORS

The Directors submit their report together with the unaudited financial statements for the period ended June 30, 2023 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 June, 2023 are set out on pages 62 to 94.

Directors

The Members of the Board who served during the year are shown on page 6 to 25.

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: 21st March 2024

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.

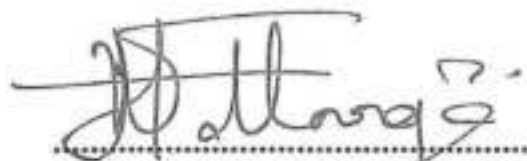
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial period ended on June 30, 2023. This responsibility includes: (i) maintaining adequate 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 June 30, 2023, 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 21st March 2024 and signed on its behalf by:



**HUMPHREY WATTANGA
COMMISSIONER-GENERAL**



**ANTHONY NG'ANG'A MWAURA
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, 2023

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 (KRA) set out on pages 62 to 94, which comprise of the statement of financial position as at 30 June, 2023 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, the financial position of the Kenya Revenue Authority as at 30 June, 2023, 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 Public Finance Management Act, 2012 and the Kenya Revenue Authority Act, 1995.

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 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 to provide a basis for my opinion.

Emphasis of Matter

1. Land Without Ownership 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(ii) 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.

Further, the Authority was allocated five (5) parcels of land in Hulugho, Amuma, Gerille, Elwak, and Diffu which have been gazetted as border entry points. The Authority was also allocated three (3) parcels of land at Kainuk, Kakuma, and Lodwar by the County Government of Turkana for regional cargo monitoring gazetted as regional cargo monitoring stations.

The eight (8) parcels of land had not been 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.

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.

2. Long Outstanding Payables

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 gazettment of the Authority as a protected area vide Legal Notice No.96 of 17 April, 2019. However, records maintained by the State Department for Interior and Citizen Services reflects that the bill has accumulated to Kshs.418,004,000 as at 30 June, 2023.

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.

3. 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 amount relates to revenue collection services offered by the Authority to the County Government which has accumulated since year 2020 as detailed below;

Year	Amount (Kshs.)
2020	78,055
2021	110,395,901
2022	215,898,890
Total	326,372,846

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.

In the circumstances, recoverability of the outstanding receivables totalling Kshs.326,372,846 could not be confirmed.

4. Material Uncertainty Related to Sustainability of Services

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 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.

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.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion, on Lawfulness and Effectiveness in 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

Anomalies in Excise Goods Management Systems (EGMS)

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.

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.

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:

- i. 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 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.
- 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.

In the circumstances, it was not possible to ascertain when the handover of the EGMS will be done.

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.

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 matters 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 overall governance were not effective.

Basis for Conclusion

Internal Controls Weaknesses in the E-Recruitment System

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;

- i. 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.
- ii. 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 and twenty-three thousand, five hundred and twenty-five (123,525) applicants.
- 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.
- 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.
- v. The internal employment application forms allowed applicants to submit more than one application.

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.

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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the 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 to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or 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 are in compliance 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness

of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

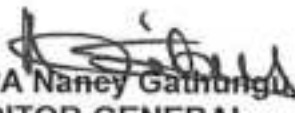
Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 April, 2024



KENYA REVENUE AUTHORITY

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2022/2023 Kshs'000	2021/2022 Kshs'000
REVENUE			
Revenue from non- exchange transactions			
Deferred grant income amortisation	2	394,142	890,721
Revenue from exchange transactions			
Agency Income	3	26,177,266	29,135,657
Commissions Income	4(a)	2,761,311	2,943,483
Interest Income	4(b)	243,686	264,000
Other Income	4(c)	439,662	486,565
TOTAL REVENUE		30,016,067	33,720,426
EXPENDITURE			
Administrative Expenses	5	29,509,048	28,719,575
Operating Expenses	6	1,709,513	1,471,774
Maintenance Expenses	7	1,295,864	521,925
TOTAL EXPENDITURE		32,514,425	30,713,274
Other gains/(losses)			
Gain / (Loss) on disposal of assets		9,808	3,666
SURPLUS/(DEFICIT) FOR THE YEAR		(2,488,550)	3,010,818

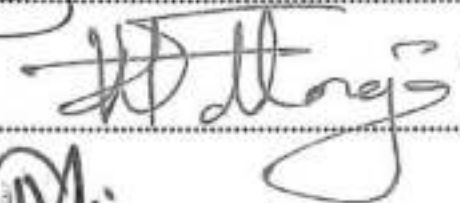
The financial statements set out herein were signed on behalf of the Board of Directors by;

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

Humphrey Wattanga
Commissioner General

Anthony Ng'ang'a Mwaura
Chairman

Date

21st Nov 2023

The notes set out on pages 67 to 89 form an integral part of the Financial Statements



Kenya Revenue Authority
Annual Reports and Financial Statements
for the year ended June 30, 2023
KENYA REVENUE AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		2022/2023	2021/2022
	NOTE	Kshs '000	(Restated) Kshs '000
Assets			
Current Assets			
Cash and Bank Balances	13	2,574,865	7,521,419
Stocks	14	82,491	84,493
Receivables	10	669,526	566,061
		3,326,882	8,171,973
Non-Current Assets			
Property, Plant & Equipment	8	30,269,179	30,410,287
Intangible Assets	9	120,209	225,727
Amount due from Treasury	11	13,890,340	8,073,297
Security Deposits	12	3,078,470	3,059,484
		47,358,198	41,768,795
Total Assets		50,685,080	49,940,768
Liabilities			
Current Liabilities			
Payables	15	8,196,980	7,112,299
Leave Pay and Gratuity Provision	16	2,268,714	1,969,422
Deferred Income Amortisation	24	394,142	890,721
		10,859,836	9,972,442
Non Current Liabilities			
Contribution to Government Pension Fund	17	6,705	6,705
Designated Fund	18	91,627	126,723
		98,332	133,428
Total Liabilities		10,958,168	10,105,870
Net Assets		39,726,912	39,834,898
Capital grants by the Treasury and Other Funds	19	21,603,301	19,255,649
Deferred Grants Income	24	723,056	465,304
Accumulated Fund		1,322,051	3,810,601
Revaluation Reserve		16,078,504	16,303,344
		39,726,912	39,834,898
Total Net Assets and Liabilities		50,685,080	49,940,768

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

Anthony Ng'ang'a Mwaura
Chairman

Date

The notes set out on pages 67 to 89 form an integral part of the Financial Statements



**KENYA REVENUE AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Capital Grants by Treasury	Deferred Grants Income	Accumulated Fund	Revaluation Reserve	Total Fund
		Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
1 July 2021		18,644,300	943,737	799,782	16,574,212	36,962,032
Contribution for the year		611,349	466,715	-	-	1,078,064
Charge for the year		-	(890,721)	-	(270,868)	(1,161,589)
Surplus for the year		-	-	3,010,819	-	3,010,819
Current portion of Deferred Income		-	(54,428)	-	-	(54,428)
At 30 June 2022		19,255,649	465,303	3,810,601	16,303,344	39,834,898
1 July 2022		19,255,649	465,303	3,810,601	16,303,344	39,834,898
Contribution for the year	19	2,347,652	155,315	-	-	2,502,967
Deficit for the year		-	-	(2,488,550)	-	(2,488,550)
Charge for the year	24	-	(394,142)	-	(224,840)	(618,982)
Current portion of Deferred Income	24	-	496,579	-	-	496,579
Prior Period Adjustment						
At 30 June 2023		21,603,301	723,056	1,322,051	16,078,504	39,726,912

The notes set out on pages 67 to 89 form an integral part of the Financial Statements

**KENYA REVENUE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

		2022/2023	2021/2022 (Restated)
		Kshs '000	Kshs '000
CASH FLOWS FROM OPERATING ACTIVITIES	NOTE		
(Deficit) / Surplus for the year		(2,488,550)	3,010,818
Non- cash movements			
Depreciation	8	1,681,425	1,299,149
Amortisation of Intangible Assets	9	105,518	990,582
Decrease in Amortisation of Deferred Income	24	(394,142)	(890,721)
Gain/Loss on disposal of Assets		(9,808)	(3,666)
Write - Off of Property Plant & Equipment	8	-	-
Increase in Security Deposits	12	(18,986)	(231,123)
Decrease in Stocks	14	2,002	13,671
Prior Period Adjustment		-	-
(Increase) / Decrease in Debtors and receivables	10 & 11	(5,920,508)	1,673,518
Increase in Creditors, payables and Provisions	15 & 16	1,383,973	680,125
Net cash flows from operating activities		(5,659,076)	6,552,353
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment	8	(1,774,929)	(1,186,781)
Proceeds from sale of Property, Plant & Equipment		19,580	23,961
Net cash flows from investing activities		(1,755,349)	(1,162,820)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Contribution by the National Treasury	19	2,347,652	142,390
Decrease in Designated Funds	18	(35,096)	(40,063)
Increase in Deferred Funding by the World Bank	24	155,315	466,715
Net cash flows from financing activities		2,467,871	569,042
NET INCREASE / (DECREASE) CASH AND CASH EQUIVALENTS		(4,946,554)	5,958,575

Cash and cash equivalents at 1 July

7,521,419

1,562,844

CASH AND CASH EQUIVALENTS AT 30 JUNE

13

2,574,863

7,521,419

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

Anthony Ng'ang'a Mwirera
Chairman

Date

21st March 2024

The notes set out on pages 67 to 89 form an integral part of the Financial Statements

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	ADJUSTED BUDGET KSHS '000	ADJUSTMENTS KSHS '000	and REVISED BUDGET 2022/2023 KSHS '000	ACTUAL COMPARABLE BASIS 2022/2023 KSHS '000	PERFORMANCE DIFFERENCE 2022/2023 KSHS '000	PERFORMANCE DIFFERENCE 2022/2023 (%)
INCOME:						
Agency fees	26,177,266	5,000,000	26,177,266	26,177,266	(0)	100%
Road Maintenance Levy	1,995,200	(15,380)	1,979,820	1,682,632	(296,897)	86%
Sale of Tampac: Fuel seals	7,697	(778)	6,919	13,606	6,707	197%
Petroleum Development Levy	554,203	4,404	558,607	518,302	(40,305)	93%
NTSA Agency Commission	10,213	(1,321)	8,892	7,830	(1,062)	88%
Interest income	214,417	13,520	227,937	243,656	15,720	107%
Transit Toll	28,114	701	28,815	30,897	2,082	110%
Rent receivable	6,527	(355)	6,172	6,535	363	106%
Public Over time	1,134	(199)	935	949	14	101%
Institutional houses - rent	138,024	(184)	137,840	155,903	17,663	113%
Aviation Revenue	83,433	4,097	87,530	121,534	33,104	137%
Air Passenger Service charge	169,679	25,579	195,258	271,980	82,722	144%
KESSA Income	-	395,267	395,267	326,109	(79,158)	83%
Miscellaneous Income	75,240	17,895	93,135	13,006	(80,129)	14%
Nairobi City County Government	60,800	-	60,800	45,730	(15,070)	75%
Tax Appeals Tribunal Filing Fees	-	-	-	-	-	100%
Sugar Levy	-	-	-	12,223	12,223	100%
Deferred Income Amortisation	-	-	-	394,142	394,142	100%
National Industrial Training Authority Income	-	-	-	3,832	3,832	100%
Total Operational Income	24,816,056	5,432,431	29,548,487	29,015,097	(533,390)	98%
STAFF COSTS:						
Basic pay	14,132,585	(294,673)	13,837,912	13,741,818	(96,094)	99%
Other Staff Expenses	7,078,558	(664,874)	6,413,684	7,098,273	684,589	111%
Medical Expenses	572,370	1,331,067	1,903,437	1,665,195	(238,242)	88%
Total Staff Salaries and Allowances	21,783,513	1,036,394	22,819,906	22,505,286	(314,620)	98%
OPERATIONAL EXPENSES:						
Staff Welfare Expenses	19,481	(1,747)	17,734	17,034	(700)	96%
Training Expenses	75,253	246,721	322,004	191,753	(130,251)	60%
Uniform & Laundry Expenses	63,011	51,028	114,039	2,742	(111,297)	2%
Travel & Accommodation	115,705	551,514	667,219	647,680	(19,539)	97%
Utilities Expenses	149,053	473,127	622,180	555,000	(67,180)	90%
Building Repairs & maintenance	88,091	20,851	108,942	150,530	41,588	138%
Motor Running Expenses	94,373	250,619	345,002	302,500	(42,502)	88%
Motor boat running Expenses	18,105	(900)	17,205	2,483	(14,722)	14%
Scanner Expenses	247,607	956,917	1,204,524	1,142,843	(61,681)	95%
Rents & Rates	414,059	511,415	925,474	1,068,070	142,596	115%
Computer Software	1,001,611	19,164	1,020,775	1,067,648	46,873	104%
Computer Expenses	23,701	20,847	44,548	1,647	(42,901)	4%
Security Expenses	265,330	505,486	770,816	751,811	(19,005)	99%
Insurance Expenses	61,799	316,104	377,903	403,098	25,195	107%
Publicity & Advertising	61,195	98,041	159,236	173,307	14,071	109%
Expenses Education	25,658	13,523	39,181	39,980	799	102%
Consultancy	419,289	463,301	882,590	851,401	(31,189)	97%
Legal & Secretarial Expenses	15,187	11,327	26,514	18,740	(7,774)	71%
Director's Expenses	30,000	-	30,000	31,328	1,328	104%
Bush Charges	15,460	21,520	36,980	4,202	(32,778)	11%
Conference Expenses	52,938	51,778	104,716	114,307	9,591	109%
Office Running Expenses	144,694	402,680	547,374	526,003	(21,371)	96%
Printing & Stationery Expenses	28,486	33,586	62,072	57,870	(4,202)	93%
Enforcement Expenses	47,165	34,329	81,494	43,547	(37,947)	53%
Laboratory Expenses	13,840	1,867	15,707	8,642	(7,065)	55%
COVID - 19 Response	11,385	-	11,385	-	(11,385)	0%
Corporate Membership Subscriptions	9,230	27,848	37,078	34,167	(2,911)	92%
Depreciation Provision	-	-	-	1,786,943	1,786,943	-
TOTAL Operational Expenses	3,511,619	5,554,558	9,066,177	10,099,136	(1,032,959)	111%
TOTAL Recurrent Expenses	25,295,133	5,728,080	31,023,213	32,514,422	(1,491,209)	101%
<i>Less: Disposal of Fixed Assets</i>			-	2,808	2,808	
(DEFICIT)/ SURPLUS FOR THE PERIOD	(1,378,177)	(303,650)	(1,681,827)	(2,485,449)	(806,722)	
CAPITAL EXPENDITURE	1,717,365	2,395,744	4,113,109	4,774,929	661,820	

Notes:

The variance in performance under Motor Running Expenses, Rent and Rates and Publicity and Advertising is due to funding from funds rolled over from FY 2021/2022

The notes set out on pages 67 to 89 form an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. 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, 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.

ADOPTION OF NEW AND REVISED STANDARDS

New standards and amendments to published standards effective for the year ended 30 June 2023

i. Relevant new standards and amendments to published standards but not yet effective for the year ended 30 June 2023

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity.

Standard	Effective date and impact:
	(b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	Applicable 1st January 2023 - IPSAS 22 <i>Disclosure of Financial Information about the General Government Sector</i>. Amendments to refer to the latest System of National Accounts (SNA 2008). - IPSAS 39: <i>Employee Benefits</i>. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. - IPSAS 29: <i>Financial instruments: Recognition and Measurement</i>. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	Applicable 1st January 2025 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the

Standard	Effective date and impact:
and Discontinued Operations	lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: 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.

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2022/2023.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

i) Agency Income

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 and also earns income from other activities. Agency Income is recognised.

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.

(b) 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.

(c) 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. A full year's depreciation is charged in the year of purchase but no charge is made in the year 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)
Computers	3 years
Computer Software	3 Years
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.

(d) Intangible Assets

Intangible assets consist of various computer software systems purchased for use by the Authority. The Authority recognises Intangible Assets acquired separately at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over their useful lives as estimated by management from time to time.

(e) 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.

(f) 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.

(g) Employee benefits costs

(i) Retirement benefit obligations

The Authority operates an 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.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling 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.

(i) 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.

(j) 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.

(k) Provisions

Provisions for liabilities are recognised 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.

(l) Budget information

The KRA Board of Directors approved the original budget for FY 2022-2023 on 21st July 2022. An additional funding of 5 Billion was received from the National Treasury to fund operations. The additional funding was incorporated in the Revised Budget prepared, presented to and approved and signed by the Board on 23rd March 2023. The Revised Budget took into account the impact of changes in funding and expenditure patterns, Surplus in Appropriation-In-Aid and savings identified in Capital, Development and Revenue Expenditure. Further, due to funding shortages for critical activities, reprioritization to address urgent funding requirements and deficit in other critical Budget votes of Kshs. 451 million was approved by the Board on 18th May 2023.

In addition to the Basis difference, adjustments to amounts in the financial statements are made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

(m) 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.

(n) 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.

(o) 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.

2. REVENUE FROM NON EXCHANGE TRANSACTIONS

	2022/2023 Kshs '000	2021/2022 Kshs '000
Amortisation of grants deferred Income	394,142	890,721
	<u>394,142</u>	<u>890,721</u>

Deferred incomes are the inflows of economic benefits or services received/receivable from assets donated to the Authority.

The decrease in the amortisation of grants is due to fully depreciated donated assets amounting to Kshs. 1.5 Billion.

3. REVENUE FROM EXCHANGE TRANSACTIONS

	2022/2023 Kshs '000	2021/2022 Kshs '000
Agency Income	26,177,266	25,911,449
Bonus		3,224,208
	<u>26,177,266</u>	<u>29,135,657</u>

The Agency Income is provided for in accordance with the provisions of the Kenya Revenue Authority Act CAP 469 Section 16. The Bonus Income is provided for at 3% of surplus revenue collection in a quarter in the period in accordance with KRA Act Section 16(b).

The decrease in Agency Income is due to inclusion of Bonus earned in the FY 2021/2022.

4. REVENUE FROM EXCHANGE TRANSACTIONS

a. Commissions Income

	2022/2023 Kshs '000	2021/2022 Kshs '000
Road Maintenance Levy Commission	1,682,932	1,727,915
Aviation Revenue Commission	121,534	83,764
Air Passenger Service Charge Commission	271,980	163,677
NCCG Commission Income	45,730	322,488
KEBS & Sugar Levy Agency Income	12,223	10,582
Road Transit Toll	31,897	28,098
National Transport & Safety Authority Commission	7,830	10,215
Petroleum Development Levy	518,301	536,988
KAA Concession Fees	3,116	2,971
Petroleum Regulatory Levy	23,832	24,650
Merchant Shipping Service Levy	38,099	32,135
National Industrial Training Authority Commission	3,837	-
	2,761,311	2,943,483

The Agency Income represents 2% of the collected revenue as per the Service Level Agreements (SLAs) with government agencies.

- The decrease in Road Maintenance Levy Commission and Petroleum Development Levy is attributable to reduced volumes on petroleum products hence reduced revenue collection and commission.
- The increase in Aviation Revenue Commission and Air Passenger Service Charge Commission is attributable to increased passenger numbers in both local and international flights in the period.
- The decrease in Nairobi County Council Government Commission is attributable to non accrual of income as the Service Level Agreement with the County Government expired in September, 2022.
- The Authority commenced the collection of National Industrial Training Authority's income in Q4 FY 2022/2023.

b. Interest Income

	2022/2023 Kshs '000	2021/2022 Kshs '000
Interest on Fixed Deposits	224,875	242,877
Interest on Security Deposits	18,812	21,123
	243,686	264,000

Interest Income consists of incomes from deposits placed on Short Term Fixed Deposits and on Security Deposits on back up funds on staff mortgage and staff car loan schemes.

c. Other Incomes

	2022/2023 Kshs '000	2021/2022 Kshs '000
Sale of Tamperproof Seals	13,626	11,548
Public Overtime	949	1,910
Staff Housing Rental Income	155,503	151,683
Property Rental Income	6,515	6,160
KESRA Incomes	316,109	374,395
Insurance Commission	6,767	5,931
Miscellaneous Income **	59,807	65,062
	439,662	486,565

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



- The decrease in KESRA is attributable to reduced trainings activities compared to the previous Financial Year.
- The decrease in miscellaneous Incomes is due to foreign exchange losses on payments to foreign suppliers due to the depreciation of the shilling.

5. ADMINISTRATIVE COSTS

a. Staff and Employee Costs

	2022/2023 Kshs '000	2021/2022 Kshs '000
Salaries & Allowances	20,450,799	20,527,448
Medical Expenses	1,665,198	1,545,132
Provision for Staff Leave	862	(329,542)
Provision for Staff Contract Gratuity & Severance Pay	298,430	185,709
	22,415,289	21,928,747

b. Other Administrative Costs

	2022/2023 Kshs '000	2021/2022 Kshs '000
Travelling & Accommodation	647,989	510,713
Utilities	556,020	497,967
Staff Welfare	17,014	22,506
Printing & Stationery	57,870	62,698
Consultancy	270,568	308,554
Electronic Seals Managements Services	615,000	248,380
Computer Expenses	1,067,648	1,048,077
Training	191,755	161,796
Office Running Expenses	526,003	516,014
Insurances	404,098	196,873
Board Expenses (i)	31,328	39,935
Conference Expenses	114,318	126,338
Consumable Stores	1,817	28,233
Security Expenses	761,820	659,178
Enforcement Expenses	43,547	63,873
Depreciation Charge	1,681,425	1,299,112
Amortisation of Intangible Assets	105,517	990,582
	7,093,759	6,790,828
TOTAL ADMINISTRATIVE COSTS	29,509,048	28,719,575

- The decrease in salaries and allowances is attributable to staff performance bonus paid in FY 2021/2022 but the variance reduced by the increase in salaries and allowances attributable to increased staff numbers and annual salary increments.
- The increase in medical expenses is attributable to increased staff members.
- The increase in provision for contract gratuity and severance pay is due to annual salary increment and decrease in payments to staff.
- The increase in Travel and Accommodation is attributable to increased travel for field operations, technical meetings, international conferences and trainings in the period.
- The expenses in staff welfare decreased as a result of reduced activities in the period.
- The increase in Electronic Seals Management services expenses is attributable to increase in number of seals in the current period.
- The increase in insurance expenses is attributable to increase in rate for the Group Life Assurance, increase in staff numbers and salaries and also due to timing difference in the payment of renewal of premiums.
- The increase in security expenses is attributable to additional guards and increased rate for hired security services.

- The decrease in enforcement expenses is attributable decreased Multi-Agency activities in the FY 2022/2023 as compared to FY 2021/2022.
- The increase in depreciation is mainly attributable to capitalisation of Electronic Seals.
- The decrease in amortisation of Intangible Assets is attributable to increase in fully depreciated assets.

i. Board Expenses

	2022/2023 Kshs '000	2021/2022 Kshs '000
Directors' fees	10,038	13,775
Sitting Allowances	10,943	8,155
Accommodation & Travel Expenses	9,274	17,229
Insurance Expenses	1,073	777
	<u>31,328</u>	<u>39,935</u>

- The decrease in Board expenses is attributable to reduced travels and trainings for Board members in the period compared to last year.

6. OPERATING EXPENSES

	2022/2023 Kshs '000	2021/2022 Kshs '000
Rent & Rates	1,068,070	903,874
Taxpayer Education	39,961	86,136
Motor Running Expenses	392,501	302,449
Advertising & Public Relations	172,307	144,910
Secretarial Expenses	18,740	14,533
Uniforms & laundry	2,742	4,734
Bank Charges	6,551	10,052
Laboratory Expenses	8,642	5,086
	<u>1,709,513</u>	<u>1,471,774</u>

- The increase in Rent and Rates is attributable to rent for additional offices and also escalation of lease contract amounts.
- The decrease in Taxpayer Education expenses is due to reduced activities.
- The increase in motor vehicle expenses is attributable to maintenance of additional motor vehicle unit and the increases in fuel costs.
- The increase in Advertising & Public Relations is attributable to expenses related to the 11th African Initiative Global Forum hosted in Kenya and TIMS publicity expenses.
- The increase in secretarial expenses is attributable to settlement of court awards in the period.
- The decrease in bank charges expenses is attributable to uptake of collection of Customs and Border Control revenues into the Payment Gateway platform under iCMS system which does not attract bank charges.
- The increase in laboratory expenses is attributable to procurement of laboratory consumables in the period.

7. MAINTENANCE EXPENSES

	2022/2023 Kshs '000	2021/2022 Kshs '000
Building Repairs & Maintenance	150,539	137,942
Scanner Expenses	(a) 1,142,843	379,421
Motor Boat Expenses	2,482	4,563
	<u>1,295,864</u>	<u>521,925</u>

- The increase in scanner expenses is attributable to the accrual of leasing expenses and foreign exchange rate escalation in the current period while expenses for 2021/2022 is for half year in the comparative period when leasing started.

(a) Scanner expenses

	2022/2023 Kshs '000	2021/2022 Kshs '000
Annual Maintenance Contract	346,188	223,155
Scanner Leasing Expenses	764,937	156,266
Routine Maintenance and Other Expenses	31,718	-
	<u>1,142,843</u>	<u>379,421</u>

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

The amount of scanner leasing expenses in Financial Year 2021/2022 was for six (6) months while the amount in Financial Year 2022/2023 was for twelve (12) months.

8. PROPERTY, PLANT AND EQUIPMENT.

(i)

	LAND & BUILDINGS KSHS'000'	PLANT & MACHINERY KSHS'000'	MOTOR VEHICLE KSHS'000'	OFFICE EQUIPMENT & FURNITURE KSHS'000'	OFFICE EQUIPMENTS ELECTRONIC KSHS'000'	COMPUTERS KSHS'000'	MOTOR BOATS KSHS'000'	WIP KSHS'000'	TOTAL KSHS'000'
VALUATION									
1 July 2021	21,604,187	2,417,879	1,725,176	1,336,318	1,237,487	1,181,478	269,627	1,098,536	27,336,464
Additions	-	4,733	26,666	125,202	9,000,000	12,712	2,000	317,176	1,074,993
Transfer of WIP	-	1,716,237	-	-	-	-	-	16,718,437	-
Disposal	-	(12,948)	(21,265)	-	-	-	-	-	(34,163)
30 June 2022	21,604,187	2,865,915	1,729,577	1,461,520	2,498,089	1,204,190	271,627	2,132,723	29,074,488
DEPRECIATION									
1 July 2021	2,555,317	1,246,577	683,199	486,023	335,376	994,090	313,793	-	6,926,198
Charge for the Year	385,163	252,571	137,184	160,300	384,670	154,010	1,606	-	1,681,426
Dep. On Rental	226,398	(26,666)	-	-	-	-	25,148	-	224,881
Disposal / Retired	-	(1,723)	(23,153)	-	-	-	-	-	(24,876)
30 June 2022	3,072,788	1,882,004	799,228	646,323	720,046	1,148,102	339,547	-	8,405,509
NET BOOK VALUES									
30 June 2022	21,567,609	2,783,911	456,003	745,196	1,778,043	86,788	27,079	2,132,723	29,269,479
VALUATION									
1 July 2021	22,344,186	2,525,201	1,971,254	987,234	1,265,710	1,181,281	393,793	1,041,624	29,733,723
Additions	498,858	181,774	168,716	221,811	-	84,896	-	179,264	1,645,513
Transfer of WIP	1,427,294	303,904	-	-	-	-	-	(1,628,118)	(6,940)
Disposal	-	(9,000)	(15,278)	-	(5,081)	-	-	-	(19,359)
30 June 2022	24,640,418	2,907,879	2,124,692	1,209,045	1,260,629	1,266,176	393,793	4,492,770	37,336,473
DEPRECIATION									
1 July 2021	2,391,528	1,028,800	532,896	318,719	281,487	795,238	288,052	-	5,286,426
Charge for the Year	237,451	342,990	125,359	141,849	353,942	197,811	1,511	-	1,299,148
Dep. On Rental	226,398	(26,666)	-	-	-	-	25,148	-	224,881
Disposal	-	(1,437)	(26,377)	-	(5,824)	-	-	-	(33,638)
30 June 2022	2,895,317	1,322,627	631,878	460,568	629,605	993,049	314,711	-	6,838,177
NET BOOK VALUES									
30 June 2022	24,640,418	1,585,252	1,492,814	748,477	631,024	1,266,176	81,082	4,492,770	37,410,296

(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

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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 the values adopted in the statements.

The Authority is yet to receive title documents for 7 pieces of leasehold land from the Government. These properties are at various stages of registration with the Commissioner of Lands. The Authority was allocated 5 plots of land in Halugho, Amuma, Gerille, Elwak & Diff which have been gazetted as border entry points. The Authority was further allocated 3 plots of land at Kainuk, Kakuma and Lodwar by the Turkana County Government to develop and use the proposed land for the purposes of Regional Cargo monitoring. The total (8 plots) are yet to be valued.

(iii) Capital Work In Progress

	2022/2023 Kshs '000	2021/2022 Kshs '000
Datawarehouse and Business Intelligence	557,289	502,765
CBM Rehabilitation of Border Stations	512,084	450,257
Integrated Customs Management System	587,785	587,786
e-TIMS Implementation	183,394	124,976
ICT Security Tools	157,521	145,365
ITSM Tools	8,873	4,436
Case Management System	3,638	3,638
Ushuru Towers Fit Out Phase II	102,433	50,404
Old Data Centre Refurbishment (Times Tower)	389,266	132,714
Scanner Networking & Command Centre	438,440	438,440
Rehabilitation of Kilindini Infrastructure	296,669	296,670
Laboratory (Southern Region)	2,374	-
KESRA Renovation	26,507	-
IT Infrastructure Upgrade	18,352	-
New Data Centre (CBC)	-	1,749,427
TOTAL	3,284,625	4,486,878

During the year, the Authority transferred the value for the New Data Centre at CBC amounting to Kshs. 1.7 Billion, from Work In Progress (WIP) to PPE after the projects' completion.

9. INTANGIBLE ASSETS

	2022/2023 Kshs '000	2021/2022 Kshs '000
COST		
1 July	3,619,510	3,599,344
Additions	-	13,226
Transfer from WIP	-	6,940
30 June	3,619,510	3,619,510
AMORTISATION		
1 July	3,393,783	2,403,202
for the year	105,518	990,582
30 June	3,499,301	3,393,783
NET BOOK VALUE		
30 June	120,209	225,727

The intangible assets are made up of different IT software in use by the Authority. Included in the Intangible Assets are fully amortised assets whose original cost was Kshs.3,177,698,252.



10. RECEIVABLES

	2022/2023 Kshs '000	2021/2022 Kshs '000
Trade Debtors		
Other Agency debtors	456,700	370,470
Rent Receivable	73,248	73,247
Less: Provision for Doubtful Debt	(73,232)	(73,232)
Interest Receivable	7,532	18,680
	<u>464,248</u>	<u>389,165</u>
Other Debtors		
Staff Debtors	161,939	109,086
Prepayments	27,605	53,306
Other Debtors	15,735	14,503
	<u>205,279</u>	<u>176,896</u>
Debtors Total	<u>669,527</u>	<u>566,061</u>

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.

The increase in Other Agency Debtors is attributable to commission due from the Nairobi County Government.

The increase in Staff Debtors is attributable to increased travels for field operations, technical meetings, international conferences and trainings in the period.

The decrease in prepayment is attributable to actualization of ICT related expenses that had been prepaid in the previous period.

The provision doubtful debt relates to rent receivables from premises in Wilson Airport and Forodha house premises whose collectability is uncertain.

11. AMOUNT DUE FROM TREASURY

	2022/2023 Kshs '000	2021/2022 (Restated) Kshs '000
1 July	8,073,297	6,050,563
Accrued in the year	26,177,266	29,135,658
Amount received in the year	(21,177,266)	(30,766,446)
Amount receivable for Excise Stamps Funding	817,043	3,653,522
30 June	<u>13,890,340</u>	<u>8,073,297</u>

The amount represents outstanding agency commission in the financial year ended June 2023.

The additional funding amount of Kshs. 7 Billion approved in the Budget Supplementary 1 for Financial Year 2022/2023 had not been disbursed as at 30th June, 2023.

12. SECURITY DEPOSITS

	2022/2023 Kshs '000	2021/2022 Kshs '000
Savings & Loan (k) Ltd	2,122,444	2,106,564
Housing Finance	709,927	707,778
National Bank of Kenya Ltd	221,099	220,142
Higher Educations Loans Board (HELB)	25,000	25,000
	<u>3,078,470</u>	<u>3,059,484</u>

The deposits with Savings & Loans, National Bank and Housing Finance are placed as security against staff mortgage advances and car loans (National Bank – Kshs. 167 Million). Deposits with HELB are placements against college fees issued to staff for further studies.

13. CASH AND BANK BALANCES

	2022/2023 Kshs '000	2021/2022 Kshs '000
Cash in Hand	1,809	1,637
Cash at Bank	998,547	2,877,348
Fixed Deposits	1,574,509	4,642,434
	<u>2,574,865</u>	<u>7,521,419</u>

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 2023. The funds are fully committed against creditors (note 15), 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

<u>Station</u>	2022/2023 Kshs '000	2021/2022 Kshs '000
Nairobi	500	500
Mombasa	200	200
Machakos	40	-
Thika	40	63
Nyeri	12	50
Kisumu	200	200
Namanga	50	50
Nakuru	88	57
Eldoret	95	175
Embu	60	25
Garissa	40	-
KESRA NBI	271	68
KESRA MSA	150	150
JKIA	64	64
Meru		36
	<u>1,809</u>	<u>1,637</u>



The analysis of Cash at Bank is as below;

Cash at Bank

Station	Account No. Bank	2022/2023 Kshs '000	2021/2022 Kshs '000
Nairobi Main Account	01023015000000 National Bank of Kenya	382,300	2,506,209
Nairobi Dollar Account	002023015000800 National Bank of Kenya	58,910	0,000
Excise Stamp Account	010230151333100 National Bank of Kenya	323,579	152,489
KLA East African Regional Transport Account	010230151307900 National Bank of Kenya	65,718	0,000
Port of Africa Gateway Development Project	010230151333600 National Bank of Kenya	05,454	123,017
Kenya School of Revenue Administration Account - Nairobi	010230150000000 National Bank of Kenya	23,715	44,612
Kenya School of Revenue Administration Dollar Account	010230150000900 National Bank of Kenya	11,305	3,701
Kenya School of Revenue Administration Account - Mombasa	01071015000900 National Bank of Kenya	51	349
Kenya School of Revenue Administration Account - Nairobi	01136743362900 COOP Bank	1,939	8,632
Mombasa Account	0100157035200 National Bank of Kenya	8,301	1,388
Nyeri Account	0100157035200 National Bank of Kenya	1,175	1,005
Kisumu Account	010230151072900 National Bank of Kenya	2,256	4,877
Nakuru Account	01001020305100 National Bank of Kenya	784	1,307
Ulduete Account	010230151333600 National Bank of Kenya	2,922	2,574
Embu Account	010230151081400 National Bank of Kenya	1,895	2,231
Thika Account	010230151081400 National Bank of Kenya	163	459
JKIA Account	01001020305100 National Bank of Kenya	32	650
Machakos Account	010230151333600 National Bank of Kenya	99	100
Garissa Account	01001079045300 National Bank of Kenya	377	494
Namanga Account	1112179674 Kenya Commercial Bank	14	4
Meru Account	01023040511600 National Bank of Kenya	15	156
		998,547	2,877,348

Fixed Deposits

	2022/2023 Kshs '000	2021/2022 Kshs '000
National Bank of Kenya	600,000	2,323,588
Cooperative Bank of Kenya	-	950,000
Kenya Commercial Bank - Gratutiy	500,000	1,316,025
KESRA - Cooperative Bank of Kenya	474,509	52,820
	1,574,509	4,642,434

14. STOCKS

	2022/2023 Kshs '000	2021/2022 Kshs '000
General Stationery	41,826	48,787
Printed Stores Inventory	3,298	4,927
Computer Consumable Inventory	27,641	23,330
Miscellaneous Stores Inventory	9,726	7,450
	82,491	84,493

15. PAYABLES

A. Trade creditors and Payables

	2022/2023	2021/2022 (Restated)
	Kshs '000	Kshs '000
Trade Creditors and Accounts Payable	3,203,104	1,659,056
Payroll Deduction and Staff Creditors	110,352	1,559,607
Taxes	89,788	87,126
	3,403,244	3,305,789

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. The amount for the FY 2021/2022 for Payroll deductions and Staff Creditors included accrual of staff performance bonus for the financial year 2021/2022.

B. Excise Stamps Liability

	Kshs '000	Kshs '000 (Restated)
Balance B/F	3,806,510	75,819
Payable for supply of Excise Stamps	817,044	3,653,522
Total Receipts	3,298,738	3,337,549
Total Payments	(3,128,556)	(3,260,380)
Balance C/F	4,793,736	3,806,510
Grand Total Payables	8,196,980	7,112,299

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.

16. LEAVE PAY, CONTRACT GRATUITY & STAFF PROVISIONS

	2022/2023	2021/2022
	Kshs '000	Kshs '000
Provision for staff leave	581,469	580,607
Provision for Gratuity	1,123,188	879,342
Provision for Staff on Suspension	417,590	407,968
Provision for Severance Pay	146,467	101,505
	2,268,714	1,969,422

Leave pay provision is in respect of leave days earned by staff members but not taken as at 30th June 2023. Contract gratuity provision is in respect of gratuity accrued for staff on contract terms for the period to 30th June 2023. 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.

17. CONTRIBUTION TO GOVERNMENT PENSION FUND

	2022/2023 Kshs '000	2021/2022 Kshs '000
1 July	6,705	6,705
30 June	6,705	6,705

This amount relates to contributions made to the Government pension during the nine-month secondment period from October 1995 to June 1996 for pensionable staff who were transferred from the Treasury to the Authority. The amount falls due for payment on retirement of an officer and is then transferred to the Treasury to facilitate payment of the pension.

18. DESIGNATED FUNDS

	2022/2023 Kshs '000	2021/2022 Kshs '000
1 July	126,723	166,786
Funds Received	3,692	-
Expenses	(38,788)	(40,063)
30 June	91,627	126,723

The legal claim funds are received from the Treasury for settling legal awards against the Authority in revenue related court cases.

19. CAPITAL / DEVELOPMENT GRANTS AND OTHER FUNDS

A. By The National Treasury

	2022/2023 Kshs '000	2021/2022 Kshs '000
1 July	19,255,649	18,644,300
Contribution in the Year		
Rehabilitation of Border Stations	-	-
ERP system for Support Services	20,000	60,000
Cordinated Border Management Project	20,000	40,000
Data Centre Project	21,195	42,390
One Stop Border Stations	-	468,959
	61,195	611,349
30th June	19,316,844	19,255,649

The amounts represent assets and funds provided by the Treasury. The Treasury separately funds the major reform and modernization programmes undertaken by the Authority in all departments for revenue enhancement and efficient service delivery.

B. Other Funds

	June 2023	June 2022
	Kshs '000	Kshs '000
Balance B/D	19,316,844	19,255,649
Penalties from KCB for delayed Transfers	2,134,211	-
Penalties from Spire Bank for delayed Transfers	152,247	-
	<u>2,286,458</u>	<u>-</u>
Grand Total	21,603,302	19,255,649

The Authority received a total of Kshs. 2,134,239,152.54 from Kenya Commercial Bank (KCB) and Kshs. 152,247,266 from Spire bank being payment for penalties incurred due to delayed transfers of revenue taxes to the KRA collection accounts at Central Bank of Kenya (CBK). These penalties were accrued before the enactment of the Tax Laws Amendment Act of April 2020 which classified penalties therefrom as part of tax debt enforceable under tax laws. The Authority sought and received approval of the CS – National Treasury and Planning as provided under the KRA Act Section 16 (i) part (d) to utilise these funds for priority projects in the KRA 4th ICT Strategy and on capital items as approved by the KRA Board of Directors.

20. RETIREMENT BENEFIT COSTS

During the year ended 30th June 2023, Kshs. 2,050 Million (2022 Kshs. 1,078 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. 24,590 Million as at 30th June 2021 as per the scheme's Financial Statements.

21. CAPITAL COMMITMENTS

	2022/2023	2021/2022
	Kshs '000	Kshs '000
Approved and contracted	1,309,447	1,603,000
Approved and not contracted	1,354,153	558,974
	<u>2,663,600</u>	<u>2,161,974</u>

22. RECURRENT COMMITMENTS

	2022/2023	2021/2022
	Kshs '000	Kshs '000
30 June	<u>1,673,512</u>	<u>2,348,624</u>

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



23. EMPLOYEES

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

	June 2023	June 2022
Executive Contract Staff	187	187
Permanent & Pensionable	7,205	7,150
Fixed Term Contract Staff	2,528	1,156
	<u>9,920</u>	<u>8,493</u>

24. 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

	2022/2023 Kshs '000	2021/2022 Kshs '000
At 1 July	1,356,025	1,789,031
EARTTF Funds	139,540	287,561
Motor Vehicles	12,700	6,375
Office Equipment (Forklift & Virtual Training Centres)	3,075	-
Scanners (China Govt., US Embassy & UN)	-	172,680
Additions in the Year	155,316	466,715
Amortisation	(394,142)	(890,721)
At 30 June	<u>1,117,198</u>	<u>1,356,025</u>
Grant income to be amortised within one year	<u>394,142</u>	<u>890,721</u>
At the end of the period	<u>723,057</u>	<u>465,304</u>

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. The donation are analysed below.

Donor Funded Projects						
FINANCIAL YEAR	ASSET DESCRIPTION	DONOR	BAL AS AT 30th JUNE 2022	Additional Charge or Inflow 2022/2023	CHARGE - 2022/2023	BAL AS AT 30th JUNE 2023
2015/2016	3 Scanners	China Govt	306,193	-	153,097	153,097
2016/2017	Motor Vehicles	JICA	-	-	-	-
2017/2018	10 CT Baggage Scanner s	China Govt	440,613	-	145,881	293,732
2022/2023	EARTTF Funding (Training)	World Bank	6,362	119,721	62,483	63,599
2022/2023	Horn of Africa Funding	World Bank	123,917	5,193	13,656	115,454
2020/2021	Kilindini Port ICT (Wide Area Network Connectivity)	World Bank	86,166	-	-	86,166
2020/2021	Kilindini Port ICT (Installation of Enterprise Network Management)	World Bank	27,941	-	-	27,941
2021/2022	Kilindini Port ICT (Installation of Enterprise Network Management)	World Bank	50,582	-	-	50,582
2021/2022	Kilindini Port ICT (Installation of Enterprise Network Management)	World Bank	17,156	-	-	17,156
2021/2022	Kilindini Port ICT (Installation of Enterprise Network Management)	World Bank	19,848	-	-	19,848
2021/2022	9 DONATED VEHICLES WORLD BANK UNDER EARTTF PROJECT(KDG168C, 172C, 173C, 175C, D60C, 009C, 002C, 003C & 058C)	World Bank	66,314	-	6,728	39,576
2020/2021	3 Motor Vehicles (Land Cruisers) KDA 256P.	JICA	25,412	-	5,578	19,834

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	260P & 263P					
2020/2021	1 Patrol Boat	JICA	8,360	-	1,194	7,166
2021/2022	DONATED VEHICLES BY JICA (KDG 239C & 238C)	JICA	6,280	-	96	6,184
2021/2022	4 Hand Held Scanners Donated by US Embassy	US Embassy	25,723	-	271	25,458
2021/2022	Baggage Scanner Donated by UNOPS	UN	10,273	-	108	10,165
2021/2022	Mobile Cargo Scanner Donated by China Aid	China Gvt	134,879	-	1,420	133,459
2022/2023	Donated M/vehicle - KCA 7682	Swedish Tax Agency	-	3,500	420	3,080
2022/2023	Donated M/vehicle - KDK 159P	UNDOC	-	9,200	552	8,648
2022/2023	Virtual Reality Training Centres	WTO	-	4,334	135	4,199
2022/2023	Hyster Forklift	World Bank	-	13,367	1,512	11,855
	TOTAL		1,356,026	155,315	394,142	1,117,198

25. 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;

- The National Treasury
- Key Management
- Board of Directors

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

(a) Transaction

i) Government of Kenya

	2022/2023 Kshs '000	2021/2022 Kshs '000
Capital Grants	61,195	142,390
Agency Income	26,177,266	25,911,449
Bonus	-	3,224,208
	<u>26,238,461</u>	<u>29,278,047</u>

ii) Key management compensation

	2022/2023 Kshs '000	2021/2022 Kshs '000
Salaries and other short - term employment benefits	184,533	147,191
	<u>184,533</u>	<u>147,191</u>

iii) Directors' remuneration

	2022/2023 Kshs '000	2021/2022 Kshs '000
Fees and other Emoluments (note 5)	30,255	39,935
	<u>30,255</u>	<u>39,935</u>

(b) Balances

Due (to)/from related parties

	2022/2023	2021/2022
	Kshs '000	Kshs '000
Amount due from Treasury (note 11)	9,419,775	4,419,775
Contribution to Government pension fund (note 17)	6,705	(6,705)
	<u>9,426,480</u>	<u>4,413,070</u>

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 Performing	Past Due	Impaired
	Kshs 000	Kshs 000	Kshs 000
At 30 June 2023			
Receivables	669,526	-	-
Security Deposits	3,078,470	-	-
Bank Balances	2,574,865	-	-
At 30 June 2022			
Receivables	566,061	-	-
Security Deposits	3,059,484	-	-
Bank Balances	7,521,419	-	-

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 2023				
Trade payables	243,629	1,566,678		
Provisions			1,916,108	
Contribution to Govt. Pension Fund			6,705	
Total	243,629	1,566,678	1,922,813	3,733,120
At 30 June 2022				
Trade payables	410,958	1,619,540		2,030,498
Provisions			1,982,780	1,982,780
Contribution to Govt. Pension Fund			6,705	6,705
Total	410,958	1,619,540	1,989,485	4,019,983

(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:

	2022/2023	2021/2022
	Kshs '000	Kshs '000
KRA US Dollar Account (NBK)	58,940	11,605
KESRA US Dollar Account (NBK)	11,656	3,701
	<u>70,596</u>	<u>15,306</u>
Liabilities / Payables	-	-
Net Foreign currency liability	<u>70,596</u>	<u>15,306</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.

26. PRIOR PERIOD ADJUSTMENT

The prior year adjustments relate to post audit adjustments for the Financial Period 2021/2022 and in compliance with IPSAS 3 sub section 48-54. The adjustments were;

A. Receivables (Amount Due from Treasury):	Kshs. 000
As previously reported	9,419,775
Restatements:	
Recognition of Excise stamps funding receivable from National Treasury	4,470,565
	<u>4,470,565</u>
As restated	13,890,340
B. Payables:	Kshs. 000
As previously reported	3,726,415
Restatements:	
Recognition of Excise stamps liability to supplier	4,470,565
	<u>4,470,565</u>
As restated	8,196,980

The effects of the prior period adjustments to the financial statements is a follows;
Statement of Financial Position

	As Previously Reported	Increase/Decrease	Restated
	Kshs'000		Kshs'000
Assets			
Current Assets			
Cash and Bank Balances	2,574,865	-	2,574,865
Stocks	82,491	-	82,491
Receivables	669,526	-	669,526
	<u>3,326,882</u>		<u>3,326,882</u>
Non-Current Assets			
Property, Plant & Equipment	30,269,179	-	30,269,179
Intangible Assets	120,209	-	120,209
Amount due from Treasury	9,419,775	(4,470,565)	13,890,340
Security Deposits	3,078,470	-	3,078,470
	<u>42,887,633</u>		<u>47,358,198</u>
Total Assets	<u>46,214,515</u>		<u>50,685,080</u>

Liabilities

Current Liabilities

Payables	3,726,415	(4,470,565)	8,196,980
Leave Pay and Gratuity Provision	2,268,714	-	2,268,714
Deferred Income Amortisation	394,142	-	394,142
	6,389,271		10,859,836

Non Current Liabilities

Contribution to Government Pension Fund Designated Fund	6,705	-	6,705
	91,627	-	91,627
	98,332		98,332

Total Liabilities	6,487,603		10,958,168
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Net Assets

Capital grants by the Treasury	39,726,912		39,726,912
Deferred Grants Income	21,603,301	-	21,603,301
Accumulated Fund	723,056	-	723,056
Revaluation Reserve	1,322,051	-	1,322,051
	16,078,504		16,078,504
	39,726,912		39,726,912

Total Net Assets and Liabilities	46,214,515		50,685,080
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27. CONTINGENT LIABILITIES

These include:-

- Pending cases arising from Revenue and staff related matters. 35 undetermined cases have a specified claim amounting to Kshs 11,417 million while 11 cases have no specified quantum and will be determined by the Court after hearing. 4 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. 000)
1	Concluded	4	15,370
2	Ongoing (Quantified)	35	11,417,464
3	Ongoing (Un-quantified)	11	-
	Total	50	11,432,834
	Outstanding Fee Notes	12	30,788
			11,463,622

28. COMPARATIVES

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

APPENDIX I: INTER-ENTITY TRANSFERS

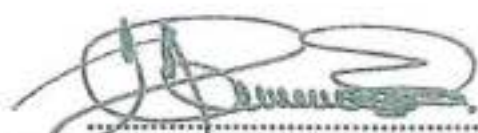
KENYA REVENUE AUTHORITY			
Break down of Transfers from the National Treasury			
Disbursement Month	Bank Statement Date	Amount	Financial Period Funds Relate to
July 2022	29.08.2022	1,764,772,128.40	FY 2022/2023
August 2022	29.08.2022	1,764,772,128.40	FY 2022/2023
September 2022	14.11.2022	1,764,772,128.40	FY 2022/2023
October 2022	13.12.2022	1,764,772,128.40	FY 2022/2023
November 2022	29.12.2022	1,764,772,128.40	FY 2022/2023
December 2022	25.01.2023	1,764,772,128.40	FY 2022/2023
January 2023	06.03.2023	1,764,772,128.40	FY 2022/2023
February 2023	17.04.2023	1,764,772,128.40	FY 2022/2023
March 2023	28.04.2023	1,764,772,128.40	FY 2022/2023
April 2023	30.05.2023	1,764,772,128.40	FY 2022/2023
May 2023	20.06.2023	1,764,772,128.40	FY 2022/2023
June 2023	27.06.2023	1,764,772,128.40	FY 2022/2023
Total		21,177,265,540.80	

Development Grants

	Bank Statement Date	Amount	Financial Period Funds Relate to
Q1	22.01.2023	30,597,500.00	FY2022/2023
Q2	22.01.2023	30,597,500.00	FY2022/2023
Total		61,195,000.00	

Grand Total

21,238,460,540.80


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HUMPREY 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	Total Amount – KES('000)	Where Recorded/recognized			
	as per bank statement			Statement of Financial Performance	Capital Fund	Total Transfers during the Year	Receivables
The National Treasury	Various Dates as per App. 2	Recurrent	21,177,265	21,177,265		21,177,265	-
The National Treasury	Various Dates as per App. 2	Development	61,195	-	61,195	61,195	-
Total			21,238,460	21,177,265	61,195	21,177,265	-
							21,238,460

APPENDIX III: 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:
Land Without Title Documents	As reported in the previous year, the statement of financial position reflects a balance of Kshs.30,410,287,000 under property, plant and equipment which, as disclosed in Note 8 (ii) to the financial statements, includes eight (8) pieces of leasehold land with a total acreage of 21.5831 hectares and which the Authority is yet to receive title documents. The properties, with a net book value of Kshs.321,548,952 as detailed below, are said to be at various stages of registration with the National Land Commission and Ministry of Lands even though the issue of title documents has been outstanding for a long period of time. The eight (8) plots of land have not been valued and are therefore excluded from the property, plant and equipment balance of Kshs.30,410,287,000. Further, in the absence of title documents, it has not been possible to ascertain that all the above properties and improvements thereon belong to the Authority.	The outstanding titles deeds are at various stages of title acquisition with the National Land Commission.	Not Resolved	Ongoing
Long Outstanding Payables	The statement of financial position reflects a balance of Kshs.3,458,777,000 under payables which, as disclosed in Note 15 to the	The amount is claimed by the Administration Police for guarding KRA premises countrywide. The Authority	Not Resolved	Ongoing

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
3.1	financial statements, includes an amount of Kshs.1,812,044,000 relating to trade creditors and accounts payables. The latter balance includes Kshs.230,641,507 for local creditors out of which an amount of Kshs.60,641,507 has been outstanding for more than 360 days. The balance of Kshs.60,641,507 relates to invoiced amounts by the Administration Police for guarding KRA premises for the period between July, 2016 and January 2018 before gazettment of the Authority as a protected area vide Legal Notice No.96 of 17 April, 2019. However, records maintained by the State Department for Interior and Citizen Services indicated that the bill had accrued to Kshs.340,778,000 as at 30 June, 2022.	petitioned both the National Treasury and the State Department of Interior and Coordination for exemption from payment of the security services as KRA is a protected area as per legal Notice No. 96 of 17 th April 2019. The Authority being a protected area should not pay for the security services like other Government Agencies considered under critical installations including the Office of the President, Parliament, Kengen, Kenya Power Company and the National Treasury.		
3.2	Available information indicated that the issue was discussed by the Public Accounts Committee (PAC) and PAC advised KRA to engage The National Treasury and the State Department of Interior and Coordination of National Government on the matter. However, and although Management has indicated its commitment to follow up the resolution of the issue, the bill continue to accrue and there is no evidence of the issue coming to a closure soon.	The outstanding amount is for the period July 2016 to January 2018 before the gazettment of the Authority as a protected area. The bill was accrued in the books on the basis of the accounting concept of prudence awaiting resolution of the matter. This matter was discussed by the Public Accounts Committee of the National Assembly on 3 rd June 2021, where KRA made its presentation and the Members of the Committee advised the Authority to follow up with both the National Treasury and the State Department of Interior and Coordination of National		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		Government for resolution. As advised by the PAC, the Authority engaged the National Treasury and the State Department of Interior and Coordination of National Government on the matter. In response to KRA's request for waiver of the amounts. The National Treasury requested for details of the procurement of the security services which the Authority provided on 12th August 2022. On 26th January 2022, the Authority also wrote a follow up letter to the State Department of Interior and Coordination of National Government and continues to follow for resolution of the matter.		


CPA JOSEPHAT OMONDI
HEAD OF FINANCE


HUMPREY WATTANGA
COMMISSIONER GENERAL

APPENDIX V: 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
Nyamtiro	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, Kamurise	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	0202003707/0202003799
Eldoret EIA (Eldoret Airport Warehouse)	P. O. Box 402 - 30100 Eldoret	053-2061299
Eldoret EIA (Eldoret Airport Barge 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	0522021122
Nyahururu	P. O. Box 446 Nyahururu	0798482066
Narok	P. O. Box 1161 Narok	0770972146, 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

