



**The TAX PROCEDURES ACT
(Cap. 469B)**

IN EXERCISE of the powers conferred by section 112 of the Tax Procedures Act, Cap. 469B) the Cabinet Secretary for National Treasury and Economic Planning Makes the following Regulations –

**THE TAX PROCEDURES (UNASSEMBLED MOTOR VEHICLES,
AND TRAILERS) (AMENDMENT) REGULATIONS 2024**

Citation

1. These Regulations may be cited as the Tax Procedures (Unassembled Motor Vehicles, and Trailers) (Amendment) Regulations, 2024.

2. Regulation 1 of the Tax Procedures (Unassembled Motor Vehicles and Trailers) Regulations 2019, hereinafter referred to as “the principal Regulations” is amended by deleting the expression “(Unassembled Motor Vehicles, and Trailers)” and substituting therefore the expressions “(Manufacture, Assembly of Motor Vehicles, Three-Wheelers and Trailers)”.

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3. Regulation 2 of the principal Regulations is amended –

(a) by inserting the following new definitions in the proper alphabetical sequence –

“Three-wheelers” means a vehicle powered by internal combustion engine or electric battery motor with front single wheel and the rear axle.

“battery system” means rechargeable battery system for use in powering a motor of an electric motor vehicle

“electric power system” means a network of electrical components to supply electric power in an electric motor vehicle

“electric vehicle” is a motor vehicle that has an electric power system.

“manufacturer” means a person approved by the Cabinet Secretary to manufacture a vehicle locally using parts that are locally designed and developed by an Original Equipment Manufacturer incorporated in Kenya and the value of the local inputs, is more than 50% of the value of the vehicle value excluding profit margin.

- (b) by deleting the definition of the term “completely knocked down kit” and substituting therefor the following new definition—

“completely knocked down kit” means a motor vehicle, three wheeler or trailer kit comprising parts and sub-assemblies used for the assembly or manufacture of a motor vehicle, three wheeler or trailer by using locally manufactured parts listed under Part I and Part II of the Third Schedule.

4. Regulation 3 of the principal Regulations is amended by inserting a new sub regulation immediately after sub regulation (3) as follows—

(4) Parts or sub assemblies for licensed manufacturer of a motor vehicle, three-wheeler or trailer may be imported as discrete parts in their respective tariff headings., warehoused and ex-warehoused for use in manufacturing a motor vehicle, three-wheeler or trailer

5. Regulation 4 of the principal Regulations is amended—

- (a) in paragraph (1) by inserting the words “three-wheeler” immediately after the words “motor vehicle”;
- (b) in paragraph (2) by inserting the words “upon recommendation by the Cabinet Secretary responsible for matters relating to industrialisation” at the end of the paragraph.

6. Regulation 5 of the principal Regulations is amended in paragraph (1) by inserting the words “three-wheeler or manufacturer of a motor vehicle” immediately after the word “trailers”.

7. Regulation 6 is amended by inserting the words “or manufacturing” immediately after the word “assembling” wherever it occurs.

8. Regulation 10 of the principal Regulations is amended in sub regulation (3) is by deleting the words “third schedule or fourth schedule” and substituting therefor the words inserting the words “Third, Fourth, Fifth or Sixth Schedules”.

9. The principal Regulations is amended by repealing regulation 12.

10. The First Schedule to the principal Regulations is amended by inserting the following paragraph immediately after paragraph (10) –

11 Parts for Electric Motor Vehicle

- (a) The power electronics for electrical motor vehicles including the control system, lithium-ion battery, motors and or power inverters may be imported in the condition supplied by the Original Equipment Manufacturer.
- (b) All other parts of the electric motor vehicle breakdown shall be as per the First Schedule, Second Schedule, Third Schedule, Fifth Schedule and Sixth Schedules to this Regulations.

11. The Second Schedule to the principal Regulations is amended –

(a) in Part A—

(i) in paragraph 2 by—

I) deleting the word “paint” appearing in sub paragraph (b);

II) deleting the word “paint” appearing in sub paragraph (c);

III) by inserting the words “lithium-ion battery and electric motor,” immediately after the word “transmission” appearing in item (d).

(ii) by inserting the following new paragraphs immediately after paragraph 2—

3. The authorized assembler assembling completely knocked down kits at this level shall

I) work with local content suppliers to ensure localization of parts and components.

II) facilitate technology transfer to local parts and components manufacturers to ensure quality of parts and components are locally produced.

III) be allowed for a maximum of 2 years after which the assembler will assemble the motor vehicle at level three

(b) in part B by—

(i) in paragraph 2 by—

I.) deleting the word “paint” appearing in subparagraph (1) (b)

II) deleting the word “paint” appearing in subparagraph (1) (c)

III) inserting the following new paragraph immediately after paragraph 3—

4. The authorized assembler using knock down kits level 2 for pick-ups shall be allowed for a maximum of 2 years after which the assembler shall assemble the pick-ups at level 3.

(c) in part C by—

- i) deleting the words “doors” and “bonnet assembly” wherever they appear in paragraph 2 (1)
- ii) deleting paragraph 3

12. The Third Schedule to the principal Regulations is amended—

(a) in Part I

- (i) by deleting the words “First Schedule and Second Schedule” appearing at the preamble and substituting therefor the words “First, Second, Fifth and Six Schedules”.
- (ii) deleting paragraph (q) and substituting therefor the following new paragraph –

(q) canvas hoods, covers and screens.

(b) in Part II by —

- (iii) Inserting immediately after (o) the following new item -
(p) Radiator coolants

(c) by inserting a new Part III as follows—

PART III

The following items may be included as constituting parts or sub-assemblies of unassembled motor vehicles specified in the First, Second, Fifth and Sixth Schedule—

- (a) sound deadening material
- (b) catalytic converters as part of exhaust assemblies
- (c) lithium-ion batteries
- (d) electric power system

13. The principal Regulations are amended by inserting the following Schedules –

FIFTH SCHEDULE

The provisions for completely knocked down kits under level 4 for passenger cars and commercial vehicles shall be in accordance with the First Schedule of these Regulations save for the following—

(1) Chassis frames

- (a) Where the Chassis frame is of C channel construction in a form consisting of side, cross, cruciform or other members all these shall be manufactured, welded or joined locally.
- (b) Where the Chassis frame is of box channel, tubular or other construction, the side members may be imported broken down unwelded and adrift save for the cross, outrigger, cruciform or other members and brackets which shall be manufactured locally for welding and assembly in plant.
- (c) Where the conventional chassis frame is replaced by welded floor components, such as seat risers, floor pans, wheelhouses and toe boards instead of side, cross, cruciform or other members, all such components shall be manufactured locally.

(2) Body or chassis panels, stamping and pressing.

- (a) The cab frame structure or monocoque body shall be manufactured locally including the following components.
- (b) Doors panels
- (c) Floor panels
- (d) Roof panel
- (e) Bonnet
- (f) Cab back panel

(3) Controls.

- 4. Pedals and linkages other than those made from steel shall be imported adrift.
- 5. Other cab frame components not indicated above may be imported adrift.

SIXTH SCHEDULE

COMPLETELY KNOCKED DOWN KITS FOR A THREE WHEELERS

The following parts or sub-assemblies shall constitute the complete knocked down kits for three-wheeler kits—

- (a) axles and hub;
- (b) ssuspensions system;
- (c) brake shoe kits;
- (d) complete wheel assembly;
- (e) engine or lithium-ion battery in case of assembly of electric three-wheeler
- (f) gear box
- (g) steering column with handle;
- (h) curved windscreen with frame
- (i) body welded to monocoque chassis.
- (j) dash board with cluster;
- (k) lighting system excluding wiring harness.
- (l) fuel tank;
- (m)tailgate & bonnet; and
- (n) powers transmission system;

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