



LEGAL NOTICE NO. \_\_\_\_\_ OF 2025

**THE EXCISE DUTY ACT**

**(CAP. 472)**

In the **EXERCISE** of powers conferred by section 45 of the Excise Duty Act (Cap. 472) the Cabinet Secretary for National Treasury and Economic Planning makes the following Regulations –

**THE EXCISE DUTY (REMISSION OF EXCISE DUTY)(AMENDMENT)  
REGULATIONS, 2025**

<b>Citation.</b>	1. These Regulations may be cited as the Excise Duty (Remission of Excise Duty) (Amendment) Regulations, 2025.
<b>LN. 52 of 2017</b>	2. Regulation 2 of the Excise Duty (Remission of Excise Duty) Regulations, 2017, hereinafter referred to as “the principal Regulations” is amended by -
	(a) Inserting the following definitions:
	“Compounder” means a person who is engaged in compounding
	“Compounding” means the process of adding flavourings to a spirit or otherwise modifying the spirit without the use of distillation
	“Distillation” means the process of separating or purifying mixtures of alcohol and water by using their different boiling points.
	“Licenced distiller” means licensed distiller as defined in section 2 of the Excise Duty Act.
	(b) inserting the words “spirit” or “wine” immediately after the word “beer” appearing in sub regulation (1).
	(c) insert the following proviso to sub Regulation (1) to read as follows-
	Provided that -
	(i) this paragraph shall not apply to small independent brewers of beer.
	(ii) the remission of excise duty shall be at eighty per centum with respect to spirits.



	(iii) the “spirit” referred to in these Regulations for purposes of remission is compounded spirits as well as ethyl alcohol as a by-product of distillation.
	(d) inserting the words “spirit” or “wine” immediately after the word “beer” appearing in sub regulation (2).
	(e) Delete subparagraph (1A)
	3. The principal Regulations is amended by repealing regulation 3 and substituting with the following-
	<b>3. Conditions necessary for remission of excise duty</b>
	<b>(1) Conditions necessary for remission of excise duty for beer -</b>
	(a) be tax compliant;
	(b) have a valid excise license to produce beer;
	(c) have a Excisable Goods Management System;
	(d) ensure that the beer has at least seventy five per centum content of sorghum, millet or cassava or any other agricultural products grown in Kenya excluding sugarcane and barley;
	(e) pack the beer in a pressurized container of at least thirty litres or such other container and quantity as the Cabinet Secretary may approve;
	(f) sell the beer at not more than one hundred and fifty shillings and not below one hundred and twenty shillings per litre;
	(g) provide a list of contracted farmers who shall supply the agricultural products;
	(h) meet other regulatory requirements related to the manufacture and distribution of beer including the requirements of public health and Kenya Bureau of Standards;
	(i) ensure that suppliers of raw agricultural products meet other regulatory requirements related to licensing including requirements by Agriculture Food Authority;
	(j) ensure that agricultural products used to manufacture beer under the remission are grown in Kenya and frameworks to determine this is in place; and



	(k) comply with such other conditions as the Commissioner may impose.
	<b>(2) Conditions necessary for remission of excise duty for spirits -</b>
	(a) be tax compliant;
	(b) have a valid excise license to produce spirits;
	(c) have an Excisable Goods Management System;
	(d) ensure that the spirit is derived from raw agricultural products grown in Kenya and results in at least ninety six per centum volume by volume alcoholic content;
	(e) For a person who is involved in compounding the spirit should be packed in a container that is atleast two fifty millilitre;
	(f) Where a person is a compounder, he shall not sell the spirits at less than one thousand shillings per litre and not more than one thousand two hundred shillings per litre
	(g) A person involved in distillation shall install a flowmeter regulated at 20 degrees centigrade at the discharge point to the compounder;
	(h) A person involved in distillation shall provide a list of contracted farmers who shall supply the agricultural products;
	(i) meet other regulatory requirements related to the manufacture and distribution of spirits including the requirements of public health and Kenya Bureau of Standards;
	(j) ensure that suppliers of raw agricultural products meet other regulatory requirements related to licensing including requirements by Agriculture Food Authority;
	(k) The licensed distiller shall ensure that agricultural products used to manufacture spirits under the remission are grown in Kenya and frameworks to determine this are in place; and
	(l) A compounder shall ensure that the ethanol used for compounding is from a licenced distiller who qualifies for remission under this Regulations.



	(m) comply with such other conditions as the Commissioner may impose.
	<b>(3) Conditions necessary for remission of excise duty for wines -</b>
	(a) be tax compliant;
	(b) have a valid excise license to produce wine;
	(c) have an Excisable Goods Management System;
	(d) ensure that the wine has at least seventy five per centum content of grapes and any agricultural products grown in Kenya excluding sugarcane;
	(e) pack the wine in at least seven hundred and fifty millilitre container or such other container and quantity as the Cabinet Secretary may approve;
	(f) sell the wine at not less than six hundred shillings per litre and not more than eight hundred shillings per litre;
	(g) provide a list of contracted farmers who shall supply the agricultural products;
	(h) meet other regulatory requirements related to the manufacture and distribution of spirits including the requirements of public health and Kenya Bureau of Standards;
	(i) ensure that suppliers of raw agricultural products for the manufacture of wine meet other regulatory requirements related to licensing including requirements by Agriculture Food Authority; and
	(j) ensure that agricultural products used to manufacture wines under the remission are grown in Kenya and frameworks to determine this is in place;
	(k) comply with such other conditions as the Commissioner may impose.
	4. The principal Regulations is amended by repealing regulation 4 and substituting with the following-
	4. (1) Subject to the provisions relating to returns under the Act, a manufacturer who has been granted remission under these



	Regulations shall provide to the Commissioner in the prescribed manner a detailed return of -
	(a) the quantities and types—
	(i) of raw materials used;
	(ii) of beer, wines and spirits manufactured; and
	(iii) of beer, wines and spirits sold.
	(b) the flowmeter readings as may be specified by the Commissioner;
	(c) where applicable, agricultural products purchased during the period and evidence of payments to the farmers;
	(2) A return made under paragraph (1) shall be submitted once in each month or at such other intervals as the Commissioner may require.
	5. The principal Regulations is amended by inserting the following Regulations and renumbering the Regulations accordingly -
	<b>6. Revocation of the excise duty remission</b>
	6. Where the manufacturer fails to comply with the conditions necessary for remission of excise duty as specified in these Regulations and any other provisions of the Act, the Cabinet Secretary may on recommendation by the Commissioner revoke the remission and the full excise duty will apply from the date of non-compliance.