KPMG

Finance Act, 2020

A KPMG analysis

July 2020

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Preamble

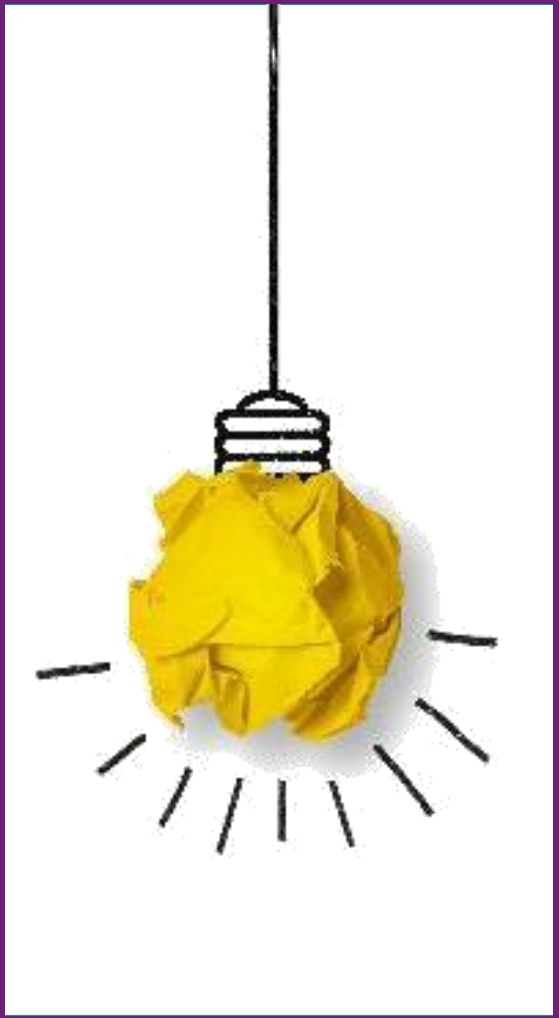
The Finance Bill, 2020 (the Bill) was tabled in the National Assembly for debate and approval on 6 May 2020. This was a departure from previous years where Finance Bills would be introduced to the National Assembly after the reading of the national budget in June. This change was necessitated by recent constitutional interpretations issued by the court which barred the government from collecting taxes before the relevant tax provisions are approved by the National Assembly, and a subsequent amendment to the Public Finance Management Act, 2012 which required that the Finance Act be enacted by 30 June.

The National Assembly passed the Bill on 23 June 2020 and it was assented to by the President on 30 June 2020 in time for implementation of the tax measures at the start of the government's calendar on 1 July 2020.

The Finance Act, 2020 (the Act) builds on the changes introduced through the Tax Laws (Amendment) Act, 2020 (TLAA). It has introduced a minimum tax to be paid by taxpayers whether they are loss making or not, increased the maximum residential rental income subject to the 10% tax from KES 10million to KES 15million, introduced digital services tax and created a mechanism for the implementation of transit toll roads.

A number of tax proposals that had been proposed in the Tax Laws (Amendment) Bill, 2020 but were rejected by the National Assembly were reintroduced under the Bill and subsequently passed by the National Assembly, including the introduction of Value Added Tax on solar equipment and deep cycle batteries and scrapping of the Home Ownership Savings Plan (HOSP) incentives.

We provide in the ensuing pages our analysis of the new provisions.



Section 1

- Income Tax
- Pay As You Earn (PAYE)
- Value Added Tax Act
- Excise Duty
- Tax Procedures Act
- Miscellaneous Fees and Levies Act

Increase in residential income tax thresholds

Enacted provision: The Act has increased the upper threshold for Residential Rental Income Tax from **KES 10 million** to **KES 15 million** per annum.

In addition, although not previously in the Bill, the lower threshold has been increased from **KES 144,000** to **KES 288,000** per annum.

The Government introduced a simplified income tax regime for persons with residential income between **KES 144,000** and **KES 10 million** per annum with effect from 1 January 2016. This was accompanied by extensive publicity to bring landlords within the tax bracket.

Implication: The increase in income bands for rental income that is subject to the lower tax bands is a welcome relief for landlords who are under pressure to reduce or defer rent payments to help tenants cope with the effects of the COVID-19 pandemic. Under the TLAA, the tax rates for many taxpayers were reduced, however, the tax rate for landlords did not change. This change will allow landlords with income between **KES 10 million** to **KES 15 million** to access the lower tax rates. This rate remains significantly higher than that for other businesses which are eligible for a tax rate of 1% on turnover under turnover tax for income ranging from **KES 1 million** to **KES 50 million**. Further, the amendment on the lower threshold is in order to align with the current lower individual tax band.

Commencement: 1 January 2021

Minimum tax

Enacted provision: The Act has introduced a new tax to be known as minimum tax which shall be payable by a person if the person's:

a) income is not exempt under the ITA;

b) income is not from employment, residential rent, capital gains, mining or oil exploration or subject to turnover tax; or

c) instalment tax payable is higher than the minimum tax payable

Minimum tax is based on 1% of gross income and paid on the 20th day of the fourth, sixth, ninth and twelfth months.

Implication: The minimum tax is an attempt to tax businesses that are in a loss making position and borrows from provisions in other countries where businesses that make losses are subject to a minimum tax. However, in those countries the businesses must have been loss making for a number of years.

Instalment tax vis-à-vis "minimum" tax

Instalment tax is payable by the 20th day of the fourth, sixth, ninth and twelfth month of a particular year of income. A taxpayer can choose from two bases for computing the tax as follows:

a) 25% of the estimated "current" year tax; or

b) 110% of prior year self-assessed tax.

Following the amendment to payment of instalment tax against the introduction of minimum tax, a taxpayer **will not** be required to pay instalment tax **if the instalment tax payable is less than the minimum tax**. However, the provision introducing minimum tax provides that notwithstanding any other provision of the Income Tax Act (ITA), that minimum tax **shall be payable by a person, if** amongst others, **the instalment tax payable is higher** than the minimum tax.

This potential contradiction needs to be clarified as both provisions, are overriding provisions.

In addition, unlike instalment tax which is an advance tax, the law has not specified whether the minimum tax is an advance tax that can be applied against future tax liability.

Commencement: 1 January 2021

Digital services tax

Enacted provision: The Act has introduced a digital service tax (DST) which shall be payable on income which is deemed to be derived or accrued in Kenya from the provision of services through a digital market place. DST deducted from resident entities and branches is to be treated as an advance tax, available for set-off against the tax payable for the year of income.

The Income Tax act defines a digital market place as a platform that enables the interaction between buyers and sellers of goods and services through electronic means.

DST shall be computed at the rate of 1.5% of the gross transaction value and is payable when transferring payment to the service provider. This follows the introduction of a provision for taxation of income from a digital market place through the Finance Act, 2019. However, the Finance Act, 2019 provided that the introduction of the tax was subject to the Cabinet Secretary for the National Treasury and Planning publishing regulations for the implementation of the tax.

Implication: While DST is a recognition of the growth of the digital market, it may be difficult to implement due to the amorphous nature of digital transactions.

There have also been delays in publishing the regulations which speaks to the difficulties of implementing this tax.

Commencement: 1 January 2021

Income of Home Ownership Savings Plans (HOSPs) to be taxed

Enacted provision: The income of HOSPs will now be subject to tax.

Implications: The deletion of HOSP provisions seeks to subject to tax income earned by financial institutions, fund managers, investment banks and building societies with respect to HOSP deposits. This will reduce the income available for distribution to depositors as interest, negatively impacting their ability to purchase homes.

Commencement: 1 January 2021

Non-deductible expenses

Enacted provision: The Act has disallowed several hitherto allowed business expense. These are:

- Entrance and membership subscriptions and fees paid to trade associations
- All listing expenses, legal and other incidental capital expenditure relating to the authorisation and issue of shares, debentures or similar securities offered for purchase by the general public; or for the purposes of listing on any securities exchange operating in Kenya, without raising additional capital; and
- club subscriptions paid for employees.

Implication: The legal and incidental costs during a listing process or where a company is looking to raise additional capital at the Nairobi Security Exchange (NSE) can be significant.

Disallowing the expenses for corporation tax will increase in the tax bill of companies looking to list or float shares at the NSE. Whether this will discourage companies from raising additional capital through the NSE or listing at the NSE remains to be seen but it is a distinct disincentive when new listings have been hard to come by.

Additionally, the taxation of trade association and club subscriptions will likely reduce the incentive for companies to sponsor employees for membership in these organizations.

The proposal to disallow expenses relating to social infrastructure projects has been dropped to encourage companies to continue to supplement government efforts to provide social amenities especially to disadvantaged communities.

Commencement: 1 January 2021

Capital gains tax exemption on transfer of machinery

Enacted provision: The Act has exempted from tax, the gains accruing to a business on any transfer of machinery falling under Paragraph 1(b) of the Second Schedule to the ITA.

Implications: Initially, the gain accruing to a company on any transfer of machinery that was only subject to wear and tear allowance was exempt from tax. However, the overhaul of the Second Schedule to the ITA through the TLAA effectively deleted this provision, exposing such transfers to capital gains tax.

This amendment provides clarity and aligns the exemption to the current provisions of the ITA following the overhaul of the Second Schedule. It also effectively includes a wider class of assets in the exemption than was previously exempted.

Commencement: 30 June 2020

Pay As You Earn

Tax on Overtime/Bonus

Enacted provision : The Act has removed the exemption from tax of bonuses, overtime and retirement benefits paid to employees whose taxable employment income before bonus and overtime allowances does not exceed the lowest tax band under Head B of the Third Schedule.

Implication: This amendment seeks to tax the bonuses, overtime and retirement benefits which had initially been exempted through the Finance Act, 2016. This will result to a reduction of disposable income for low income earners.

Previously, employees whose taxable employment income before bonus and overtime allowances did not exceed the lowest tax band (below **KES 12,298** per month) were not be subject to PAYE on receipt of bonuses and overtime allowance over and above their basic pay.

Following the expansion of the PAYE bands through the TLAA, the tax exemption on bonuses and overtime allowances paid to low income employees has now been eliminated.

Commencement: 30 June 2020

Reprieve for pensions paid to persons over 65 years

Enacted provision : The Bill had proposed to delete the paragraph exempting from tax, pension paid to persons who are sixty five years of age and above. The Act has retained the exemption.

Implication: The Finance Act, 2007 introduced Paragraph 53 which provided that monthly or lumpsum pension granted to a person who is sixty five years of age or more is exempt from tax.

This proposal would have seen retirees, many of whom fall within the category of vulnerable members of society receive lower pension, eroding their disposable income.

The end of the Home Ownership Savings Plans?

Enacted provision : The Act has deleted Section 22C which allowed tax deduction of HOSP contributions of up to a maximum **KES 96,000** per year and exempted interest income earned by a depositor on such deposits up to a maximum of **KES 3,000,000**.

Implications: HOSPs were introduced in Kenya in 1995, and operated as tax-sheltered savings plans created to enable depositors save for purchase or development of homes.

Deletion of this section will discourage home ownership savings and it is highly likely that potential home owners will shift to loans, which are still eligible for mortgage relief.

Commencement: 1 January 2021

Definition:Tax rate changes (Goods – Exempt to Standard Rated)

Details	New rate	Old rate
▪ 8802.11.00 & 8802.12.00: Helicopters ▪ 8802.20.00 Aeroplanes and other aircraft, of an unladen weight not exceeding 2,000 kg. ▪ 8803.30.00 Other parts of aeroplanes and helicopters ▪ 8805.21.00. Air combat simulators and parts thereof. ▪ 8805.10.00 Aircraft launching gear or similar gear and parts thereof. ▪ 8805.29.00 Other ground flying trainers and parts thereof. ▪ 8309.90.90 Alluminium pilfer proof caps with EPE liner. ▪ 4011.30.00 New pneumatic tyres of rubber used on aircraft	14%	Exempt
Specialized equipment for the development and generation of solar and wind energy, including deep cycle batteries which use or store solar power upon the recommendation of the Cabinet Secretary responsible for matters relating to energy.	14%	Exempt
Tractors other than other than road tractors for semitrailers	14%	Exempt

The proposal to subject helicopters and the aircraft parts to VAT at 14% will negatively impact the aviation industry which has been significantly affected by the Covid-19 pandemic. Further the taxation of aircraft parts, defeats the aspirations of establishing Kenya as an aeronautical hub in East Africa. The Act has also introduced VAT on the hiring, leasing and chartering of helicopters.

The Act has removed the concessional VAT exemption on specialised equipment for the development and generation of solar and wind energy, and inputs or raw materials supplied to solar equipment manufacturers. This is likely to increase the cost of producing power in the country and also deter future investments in these sectors.

The introduction of VAT on tractors will increase the cost of agricultural production, significantly impacting farmers who are already battling the effects of unpredictable rainfall, locusts and low prices for their produce.

Definition: Tax rate changes (Goods – Exempt to Standard Rated)

Details	New rate	Old rate
Taxable goods locally purchased or imported by manufacturers or importers of clean cooking stoves for direct and exclusive use in the assembly, manufacture or repair of clean cook stoves approved by the Cabinet Secretary upon recommendation by the Cabinet Secretary for the time being responsible for matters relating to energy.	14%	Exempt
Stoves, ranges, grates, cookers (including those with subsidiary boilers for central heating) barbeques, braziers, gas-rings, plate warmers and similar nonelectric domestic appliances, and parts thereof or iron or steel of tariff numbers 7321.11.00, 7321.12.00, 7321.19.00, 7321.81.00, 7321.82.00, 7321.83.00 and 7321.90.00.	14%	Exempt
Plant, machinery and equipment used in the construction of a plastics recycling plant	14%	Exempt
Hiring, leasing and chartering of helicopters	14%	Exempt

Value Added Tax Act

The Act has also introduced VAT on previously concessional exemptions from VAT such as taxable supplies incurred on construction of the assembly, manufacture or repair of clean cook stoves. The clean cook stoves are environment friendly as they produce fewer emissions compared to open fires. The introduction of VAT on these stoves will reduce their affordability to ordinary Kenyans who cannot afford other forms of energy for cooking.

The introduction of VAT on plant, machinery and equipment used in the construction of a plastics recycling plant will be contrary to government efforts of environmental conservation as this will deter investments in this sector. The above amendment had also been proposed in the Tax Laws (Amendment) Bill, 2020 but was rejected by the National Assembly on the basis that the law was introduced in the Finance Act, 2019 and therefore should be given an opportunity to be fully operationalised and the impact assessed before it can be amended.

The TLAA had standard-rated goods imported or purchased locally for direct and exclusive use in the implementation of projects under a special operating framework arrangements (SOFA) with the Government. However, it was not clear what would happen to the exemption already granted for existing projects. Under the Act, such goods shall continue to be exempt for the remaining period of the agreements.

All VAT changes are effective 30 June 2020 other than, VAT in relation to the supply, hiring, leasing and chartering of helicopters and the supply of tractors and LPG which are effective from 1 July 2021.

Excise Duty

Expanded definition of "Licence"

Enacted provision: The Act has expanded the definition of licence for excise duty purposes to include the operating licences for activities that have been gazetted by the Commissioner as activities for which an excise licence is required.

Implication: This provision provides clarity on licensing and reduces bureaucracy since such activities do not require an additional licence from the Commissioner.

Commencement: 30 June 2020

Additional approvals for "Inflationary Adjustments"

Enacted provision: The Act has introduced a requirement that the annual adjustment to the specific rate of excise duty on account of inflation as specified in the Excise duty Act by the Commissioner, be approved by the Cabinet Secretary and by the National Assembly. This proposal was not in the Bill.

Implication: Prior to this provision, the Commissioner could, by notice in the *Gazette*, adjust the specific rate of excise duty annually to take into account inflation. These new provisions have included additional requirements, that the notice in the *Gazette* must be laid before the National Assembly within 7 days from the date of publication and the National Assembly upon receipt of the notice shall within 28 days consider it by either approving or rejecting the notice adjusting the specific rate of excise duty.

Commencement: 1 January 2021

Alcoholic content

Enacted provision: The Act has changed the excise duty coverage for alcoholic beverages as follows:

- Beer, Cider, Perry, Mead, Opaque beer and mixtures of fermented beverages with non-alcoholic beverages and spirituous beverages of alcoholic strength not exceeding 8% (previously this was 10%)

- Spirits of undenatured ethyl alcohol; spirits liqueurs and other spirituous beverages of alcoholic strength exceeding 8% (previously this was 10%).

Implication: The new provision effectively increases the range of alcoholic beverages categorized as "spirits" and effectively increases the excise duty chargeable on them given that the excise duty on spirits is higher.

Commencement: 30 June 2020

Betting tax

Enacted provision: The Act has deleted excise duty on betting.

Implication: The Finance Act, 2019 introduced Excise duty on betting at 20% of the amount wagered or staked. This saw key industry players exiting the market citing the unfavorable tax regime. With the removal of the excise duty, it will be interesting to see if the key players will return, given that the CS National Treasury has warned that he intends to re-introduce the tax within six months.

Commencement: 30 June 2020

Voluntary Tax Disclosure Programme

Enacted provision: The Act has introduced a Voluntary Tax Disclosure Programme (VTDP) for a period of three years with effect from **1 January 2021**.

Under the VTDP, taxpayers will be granted immunity from prosecution and waiver of penalties and interest on tax arrears arising from inadvertent instances of non-compliance that crystalised between **30 June 2015** to **1 July 2020** as follows:

- Full remission for applications made in 2021;
- 50% for applications made in 2022; and
- 25% for applications made in 2023

The taxpayer and the Commissioner shall enter into an agreement setting out the terms of payment of the tax liability, including the timeframe for the settlement which shall not exceed one year from the date of the agreement.

While the proposal provides that the taxpayer cannot appeal against the relief granted, a taxpayer may appeal against the Commissioner's decision to withdraw it.

Taxpayers who are under audit or have received notification of a proposed audit will not be eligible for the programme.

Implication: The introduction of VTDP will help both the taxpayer and the KRA to close out on tax periods that are legally still open to audits by the KRA. Based on its current capacity, the KRA may not have the capacity to carry out audits on all taxpayers. This presents the KRA with an opportunity to engage taxpayers and consultants to help to bridge this gap and increase levels of tax compliance as well as mobilise revenue.

Commencement: 1 January 2021

Appointment of digital service tax agents

Enacted provision: In line with introduction of the digital services tax (DST), the Act has proposed the appointment of DST agents by the Commissioner, who may also revoke such an appointment.

Implication: The DST, as noted above, is imposed on persons operating digital marketplaces and persons selling products on such platforms. It is likely that the KRA will target financial institutions for appointment as agents further cementing the role played by banks in the collection of taxes.

Commencement: 1 January 2021

Miscellaneous Fees and Levies Acts

1.5% Import Declaration Fee (IDF) on Duty Remission Scheme

Enacted provision: The Act has increased IDF for goods imported under the East African Community Duty Remission Scheme from ***KES 10,000*** to 1.5% of the customs value.

Implication: The increase in the IDF will increase tax revenues and assist to bridge the deficit arising from the other tax incentives. However, this change increases the cost of products which are mostly provided through grants for the benefit of vulnerable persons.

Commencement: 30 June 2020

Duty on EPZ goods for "home use"

Enacted provision: The Act has introduced a 2.5% additional duty in respect of goods entered for home use from export processing zones enterprises.

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Implication: The duty is in addition to custom duties applicable on the removal of products from the EPZs for home use.

Recently the government has opened up the local market for the EPZ enterprises whose export markets have been negatively impacted by the COVID-19 pandemic.

The additional duty will make EPZ products more expensive compared to Special Economic Zones which have unfettered access to local markets once they account for custom duties on their products.

Commencement: 30 June 2020

Exemption from IDF

Enacted provision: The Act has restricted the exemption from IDF for aircraft. Initially all aircrafts were exempted from IDF but now this exemption does not apply to helicopters (class 8802.11.00 and 8802.12.00) and aircraft exceeding 2000kg. The Act has also removed IDF exemption on goods exempted for projects worth over **KES 200m** which are deemed to be of public interest and goods procured under a special arrangement with the government.

The Act further provides for IDF exemption on goods, equipment, machinery and motor vehicles for official use by the Kenya Defence Forces (KDF) and the National Police Service (NPS).

Implication: The changes will result to an increase on IDF collections on aircraft that are now not exempted. However, the proposed change will hit operators of passenger and cargo aircraft who have been the most affected by the COVID-19 pandemic. On the other hand, the exemption from IDF on goods and equipment for defense forces and police removes bureaucracy since under the current regime the National Treasury is expected to provide budgetary allocations to fund their IDF payments.

All the changes are effective 30 June 2020 other than in relation to helicopters which is effective from 1 July 2021.

Exemption from Railway Development Levy (RDL)

Enacted provision: The Act has removed the exemption on goods imported for public interest projects worth **KES 200m** but extends exemption to imports by KDF, NPS and on currency notes.

Implication: The move reduces cash transfers between government ministries and departments while continuing the government policy to remove tax incentives for private sector investments.

Commencement: 30 June 2020

Section 2

- Public Roads Toll Act
- Tax Appeals Tribunal Act
- Kenya Revenue Act
- Other Acts

Public Roads Toll Act

Agreements for road management

Enacted provision: The Act has removed the requirement to table before and obtain approval from the National Assembly agreements to plan, design, construct and manage a public road or any portion thereof which has been declared to be a toll road.

Implication: It appears that the government is looking to enforce toll levies as one way of encouraging the private sector to invest in the construction of road infrastructure. The proposal will hasten the process of concluding agreements for road construction projects.

Commencement: 30 June 2020

Alternative arrangements to levy/collect toll

Enacted provision: The Act has provided that an agreement to levy or collect tolls may provide alternative ways of doing so. This seems to be an introduction to the subsequent amendment which provides a base toll rate which may be adjusted as agreed by the Cabinet Secretary (CS) with the toll collector. The adjustments will based on a pre-agreed mechanism.

The Act also removes the requirement for the CS to publish details of tolls in the gazette and for toll collectors to submit records of toll collections to the government.

Implication: This provides a leeway for toll collectors to institute other means of toll collections other than physical payment booths which are associated with traffic jams.

Commencement: 30 June 2020

National Roads Toll Fund

Enacted provision: The Act creates the National Roads Toll Fund. Tolls that will be collected will be remitted to this Fund. The Fund is to be administered as provided under the Public Finance Management Act, 2012 and the Regulations thereunder.

Implication: The proposed creation of the Fund will ensure that tolls collected are accounted for and administered prudently. The government is however expected to publish specific regulations for the Fund just as we have for other funds under the Public Finance management Act, 2012.

Commencement: 30 June 2020

Failure to pay toll a civil debt

Enacted provision: The Act enhances the enforcement of collection of tolls by empowering a toll collector to collect toll from defaulters as a civil debt recoverable summarily.

Implication: The proposed amendment provides a legal mechanism for toll collectors to institute civil action to recover tolls from defaulters.

Commencement: 30 June 2020

Tax Appeals Tribunal Act

Limit on grounds of appeal

Enacted provision: The Act has limited the grounds of appeal filed at the Tax Appeals Tribunal (TAT) to grounds stated in the appeal or documents submitted to which the appeal decision relates.

Implication: The amendment effectively bars an appellant from submitting new documents to support the appeal after lodging the appeal bundle without orders from the TAT.

Commencement: 30 June 2020

Limitation of Actions against KRA

Enacted provision: The Act has introduced a time limit for suing KRA of 3 years (the Bill had proposed 12 months) from the date an action arose or 6 months from the cessation of a continuing damage or injury.

Further it introduces a requirement to give the KRA a month's notice to sue which should be served to the Commissioner General before instituting legal proceedings against KRA.

Implication: The proposals are structured to manage the suits that can be levelled against KRA. Suits may be dismissed if lodged out of the prescribed time. In addition, they may be dismissed if KRA was not notified a month in advance of the intention to sue. The one month's notification to sue also appears under the Government Proceedings Act (GPA). However the provision under the GPA was declared unconstitutional in 2012 (Civil Suit 504 of 2008).

Commencement: 30 June 2020

Capacity Building

Enacted provision: The Act seeks to create an avenue for the KRA Board to make regulations for capacity building and training.

Implication: This will assist the KRA to streamline the various initiatives it has on capacity building and training. This includes the running of a training institution. It is however, not clear what the place of the Kenya School of Revenue Administration (KESRA) will be under the new proposals.

Commencement: 30 June 2020

Commission on Revenue collected on behalf of County Government

Enacted provision: The Act has introduced a commission to be paid to KRA by a County Government where KRA has assisted it to collect revenues. The commission is capped at 2% of the revenue collected.

Implication: The proposed amendment will provide an additional source of revenue to the KRA where it collects revenue on behalf of a county government or government agency such as the recent deal between the National Government and Nairobi County where the KRA was appointed as an agent to collect revenue on behalf of the County.

Commencement: 30 June 2020

Other Acts

Capital Markets Act: Clean up

Enacted provision: The Act has removed payment of beneficiaries of unclaimed dividends from the roles of the Investor Compensation Fund under the Capital Markets Act.

Implication: This is a clean up of the legislation to recognize that unclaimed dividends are paid out to the Unclaimed Assets Authority which has the responsibility of tracing beneficiaries of unclaimed assets.

Commencement: 30 June 2020

Licensing of private equity and venture capital funds with access to public funds

Enacted provision: The Act has empowered the Capital Markets Authority (CMA) to license, approve and regulate private equity and venture capital companies that have access to public funds.

Implication: The amendment will provide the CMA with supervisory powers over private equity and venture capital companies that have access to public funds. More clarity may be required on the definition of public funds since some of these companies get their funds from private sources.

Commencement: 30 June 2020

Insurance Act-Time limit for appeals

Enacted provision: The Act has introduced a period of 30 days within which a complainant may appeal against the decision of the Insurance Regulatory Authority (IRA).

Implication: The proposed time limit for appeals is consistent with other Acts and is to ensure that appeals are lodged in a timely manner. If the provision is passed, appellants should be mindful of this otherwise their appeals to IRAl may be dismissed for being out of time.

Commencement: 30 June 2020

Retirement Benefits Act: Penalty for not submitting actuarial evaluation report

Enacted provision: The Act has introducedd a penalty of **KES 100,000** and **KES 1,000** per day of continuing default for failure by a scheme to submit an actuarial evaluation report to the Retirement Benefits Authority (RBA).

Implication: The amendment will go a long way to ensure compliance by retirement benefit schemes. Previously, there was no penalty for failing to submit actuarial evaluation reports. The change will also assist the RBA to regularly monitor schemes and safeguard members' funds.

Commencement: 30 June 2020

Insolvency Act: Priority of KRA on liquidation of a revenue banking agent

Enacted provision: The Act has ranked KRA as a preferred debtor in the event of liquidation or receivership of a bank that was appointed as a revenue banking agent. The priority applies to moneys collected by the agent on behalf of KRA.

Implication: Through this amendment, money collected by the revenue agent is paid to KRA as a priority over other debts that the agent may have on liquidation or receivership.

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Commencement: 30 June 2020

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