

SECOND SCHEDULE

[Section 7(2), Act No. 14 of 2015, s. 6, Act No. 38 of 2016, s. 31, Act No. 15 of 2017, s.10.]

ZERO-RATING

PART A –

ZERO RATED SUPPLIES

Where the following supplies, excluding hotel accommodation, restaurant or entertainment services where applicable, take place in the course of a registered person's business, they shall be zero rated in accordance with the provisions of [section 7](#)—

1. The exportation of goods or taxable services.
2. The supply of goods or taxable services to an export processing zone business as specified in the Export Processing Zones Act ([Cap. 517](#)), as being eligible for duty and tax free importation.
3. Shipstores supplied to international sea or air carriers on international voyage or flight.
4. The supply of coffee and tea for export to coffee or tea auction centers.
5. Transportation of passengers by air carriers on international flight.
6. The supply of taxable services to international sea or air carriers on international voyage or flight.
7. The transfer of a business as a going concern by a registered person to another registered person.
8. The supply of natural water, excluding bottled water, by a National Government, County Government, any political sub-division thereof or a person approved by the Cabinet Secretary for the time being responsible for water development, for domestic or for industrial use.
9. Goods purchased from duty free shops by passengers departing to places outside Kenya.
10. Supply of taxable services in respect of goods in transit.
11. Inputs or raw materials (either produced locally or imported) supplied to pharmaceutical manufacturers in Kenya for manufacturing medicaments, as approved from time to time by the Cabinet Secretary in consultation with the Cabinet Secretary responsible for matters relating to health.
12. The supply of goods or taxable services to a special economic zone enterprise.

[Act No. 38 of 2016, s. 31(a).]

14. Taxable goods supplied to marine fisheries and fish processors upon recommendation by the relevant state department.

[Act No. 15 of 2017, s.10]

15. Milk and cream, not concentrated nor containing added sugar or other sweetening matter, of tariff numbers—

0401.10.00—of a fat content, by weight, not exceeding 1%;

0401.20.00—of a fat content, by weight, exceeding 1% but not exceeding 6%;

0401.40.00—of a fat content, by weight, exceeding 6% but not exceeding 10%;

0401.50.00—of a fat content, by weight, exceeding 10%.

[Act No. 15 of 2017, s.10]

16. All inputs and raw materials whether produced locally or imported, supplied to manufacturers of agricultural pest control products upon recommendation by the Cabinet Secretary for the time being responsible for agriculture.

17. Agricultural pest control products.

[Act No. 15 of 2017, s.10]

PART B

ZERO RATED SUPPLIES TO PUBLIC BODIES, PRIVILEGED PERSONS AND INSTITUTIONS

The following taxable supplies shall be zero-rated when supplied by a registered person before the imposition of tax or imported before clearance through the customs by or on behalf of the following persons subject to the limitations specified in this Schedule—

1. Supply to Commonwealth and other Governments

- (a) Goods consigned to officers or men on board a naval vessel belonging to another Commonwealth Government for their personal use or for consumption on board such vessel.
- (b) Goods for the use of any of the Armed Forces of any allied power.

2. Supply to Diplomat or First Arrivals Persons

- (1) Household and personal effects of any kind imported by entitled personnel or their dependants including one motor vehicle imported or supplied to them prior to clearance

through customs within ninety days of their first arrival in Kenya or such longer period not exceeding three hundred and sixty days from the date of his arrival, as may be approved by the Commissioner of Customs in specific cases where the entitled personnel have not been granted zero rating status in any other section of this Schedule.

Provided that the zero rating shall apply to entitled personnel who may have arrived for a new contract notwithstanding their previous residential status in Kenya while in execution of another assignment, provided further that each contract is for a term not less than two years.

- (2) One motor vehicle which the ministry responsible for foreign affairs is satisfied as having been supplied or imported as a replacement

for a motor vehicle originally imported or supplied under paragraph (1) which has been written off due to accident, fire or theft:

Provided that tax shall be payable at the appropriate rate if the written off motor vehicle is disposed of locally.

- (3) Taxable supplies for the official use of the United Nations or its specialized agencies or any Commonwealth High Commission, or of any foreign embassy, consulate or diplomatic mission in Kenya.
- (4) Taxable supplies for the use of a high official of the United Nations or its specialized agencies, or a member of the diplomatic staff of any Commonwealth or foreign country, where specific provision for such zero rating status is made by the Cabinet Secretary responsible for foreign affairs.
- (5) Taxable supplies Goods for the United Nations or any of its specialized agencies for the support of a project in Kenya.
- (6) On first arrival in Kenya or within three months of that date, the household and personal effects, including one motor vehicle, of an employee of the United Nations, or of its specialized agencies, of any Commonwealth High Commission, or of any foreign embassy, consulate or diplomatic mission, where the employee—
- (a) is not engaged in any other business or profession in Kenya; and
 - (b) has not been granted any other zero rating status under this schedule.
- (7) Any motor vehicle acquired under zero rating status pursuant to the provisions of this paragraph shall on re-sale or upon other disposition, whether or not for any material consideration, be liable to tax.

3. Supply to donor agencies with bilateral or multilateral agreements

- (1) Household and personal effects of any kind, including one motor vehicle imported by or supplied prior to clearance through Customs to the entitled personnel or their dependants, within ninety days of their first arrival in Kenya or such longer period not exceeding three hundred and sixty days from the date of his arrival, as may be approved by the relevant authority in specific cases where the entitled personnel have not been granted any zero rated status under this schedule.

Provided that the zero rated status under this paragraph shall apply—

- (i) to entitled personnel who may have arrived for a new contract for a term of not less than two years, notwithstanding their previous residential status in Kenya while in execution of another assignment;
 - (ii) only once every four years where there is an on going project; and
 - (iii) to an additional motor vehicle where there is a bilateral agreement between the Government and aid agency.
- (2) One motor vehicle, which the Commissioner is satisfied, is supplied or is imported as a replacement of another motor vehicle originally supplied or imported under paragraph (1) and which has been written off due to accident, fire or theft:

Provided that any motor vehicle acquired free of tax pursuant to the provisions of this item shall on resale or upon other disposition whether or not for any material consideration be liable for tax.

4. Supply to international and regional organizations

Goods and equipment imported by or supplied to donor agencies, international and regional organisations with Diplomatic accreditation or bilateral or multilateral agreements with Kenya for their official use.

5. Supply to the War Graves Commission

Taxable supplies including official vehicles, for the establishment and maintenance of war cemeteries by the Commonwealth War Graves Commission, but excluding office supplies and equipment and the property of the Commission's staff.

6. Passengers' baggage and personal effects

Goods imported by passengers arriving from places outside Kenya, subject to the limitations and conditions specified in the following paragraphs.

- (1) The goods shall be—

- (a) the property of and accompanying the passenger, except as provided in paragraph (7);

- (b) for the personal or household use of the passenger in Kenya; and
 - (c) of such kinds and in such quantities as the proper officer may allow.
- (2) Notwithstanding paragraph (1)(c), the following goods shall not be zero-rated under this item—
- (a) alcoholic beverages of all kinds, perfumed spirits and tobacco and manufactures thereof, except as provided in paragraphs (6) and (7);
 - (b) fabrics in the piece;
 - (c) motor vehicles except, as provided in paragraphs (3) and (4);
 - (d) any trade goods, or goods for supply or disposal to other persons.
- (3) Subject to paragraphs (1) and (2), the following goods may be zero-rated under this item when imported as baggage by a person on first arrival or by a returning resident of Kenya whom the proper officer is satisfied is *bona fide* changing residence from a place outside Kenya to a place within Kenya—
- (a) wearing apparel;
 - (b) personal and household effects of any kind which were in his personal or household use in his former place of residence;
 - (c) one motor vehicle, (excluding buses and minibuses of a seating capacity of more than 13 passengers and load-carrying vehicles of a load carrying capacity exceeding two tones) which the passenger has personally owned and used outside Kenya for at least twelve months (excluding the period of the voyage in the case of shipment):
- Provided—
- (i) the person has attained the age of eighteen years; and
 - (ii) where the person has previously been granted zero-rating under this paragraph, any subsequent zero-rating shall not apply unless such person has used the motor vehicle so imported into Kenya for a period of not less than four years, and tax has been paid for the motor vehicle upon which zero rating had previously been granted.
 - (iii) the person shall provide proof of ownership and use of the previously owned left-hand-drive vehicle in the country of former residence for a period of at least one year prior to the return; the person shall provide proof of disposal of the

previously owned left-hand-drive vehicle before changing residence; and deleted by Act No. 15 of 2017, s.10

(iv) subparagraph (iii) shall only apply to residents returning from countries that operate Left Hand Drive motor vehicles.

- (4) Subject to paragraphs (1) and (2) the following goods services may be zero-rated under this item when imported as baggage by a person whom the proper office is satisfied is making a temporary visit not exceeding three months to Kenya—
- (a) non-consumable goods imported for his personal use during his visit which he intends to take out with him when he leaves at the end of his visit;
 - (b) consumable provisions and non-alcoholic beverages, in such quantities and of such kinds as are, in the opinion of the proper officer, consistent with his visit;
 - (c) goods imported by a returning resident, being an employee of an international organization the headquarters of which are in Kenya, and who has been recalled for consultations at the organization's headquarters.

[Act No. 15 of 2017, s.10]

- (5) Subject to paragraphs (1) and (2), the following goods may be zero rated under this item imported as baggage by a person who the proper officer is satisfied is a resident of Kenya returning from a visit outside Kenya and who is not changing residence in accordance with paragraphs (3) and (4)—
- (a) wearing apparel;
 - (b) personal and household effects which have been in his personal or household use.
- (6) Subject to paragraph (1) and subject to subparagraph (b) of this paragraph, tax shall not be levied on the following goods imported by, and in the possession of a passenger—
- (a) spirits (including liquors) or wine, not exceeding one litre or wine not exceeding two litres;
 - (b) perfume and toilet water not exceeding in all one half litre, of which not more than a quarter may be perfume;
 - (c) cigarettes, cigars, cheroots, cigarillos, tobacco and snuff not exceeding in all 250 grams in weight:

Provided that the tax free allowance under this paragraph shall be granted only to passengers who have attained the age of eighteen years.

- (7) Subject to paragraphs (1) and (2)—
- (a) the zero rating granted in accordance with paragraphs (3), (4) and (5) may be allowed in respect of baggage imported within ninety days of the date of arrival of the passenger or such further period,

not exceeding three hundred and sixty days from such arrival, as the Commissioner may allow;
 - (b) the tax free allowances granted in accordance with paragraph (6) shall not be allowed in respect of goods specified in the paragraph imported in unaccompanied baggage.
- (8) where any person who has been granted zero-rating under paragraphs (3) or (4) changes his residence to a place outside Kenya within ninety days from the date of his arrival, he shall export his personal or household effects within thirty days, or such further period, not exceeding sixty days from the date he changes such residence to a place outside Kenya, as the Commissioner may allow, otherwise tax shall become due and payable from the date of importation.
- (9) subject to paragraphs (1) and (2), goods up to the value of three hundred United States Dollars for each traveler in respect of goods, other than goods referred to in paragraph (9), shall be zero rated when imported by the traveler in his or her accompanied baggage, or upon his or her person and declared by him or her to an officer, provided that the person has been outside Kenya for a period in excess of twenty-four hours.

7. Relief goods supplied or imported for emergency use

Taxable goods for emergency relief purposes for use in specific areas and within a specified period, supplied to or imported by the Government or its approved agent, a non-governmental organization or a relief agency authorized by the Cabinet Secretary responsible for disaster management, where—

- (a) the goods are for use in areas where a natural disaster or calamity has occurred in Kenya;
or
- (b) the goods are intended for use in officially recognized refugee camps in Kenya;
- (c) the goods are household utensils, food stuffs, materials for provision of shelter or equipment and materials for health, sanitary or educational purposes; and
- (d) in the case of a natural disaster or calamity, the importation or purchase locally is made within six months or such further period, not exceeding twelve months, as the Commissioner may permit in each case.

8. Supply to National Red Cross Society and St. John Ambulance

Taxable goods and services supplied or imported for official use in the provision of relief service.

[Act No. 15 of 2017, s.10]

9. Supply of protective apparel, clothing accessories and equipment

Articles of apparel, clothing accessories and equipment specially designed for safety or protective purposes for use in registered hospitals and clinics or by county government or local authorities in fire fighting.

PART C

Medicaments of the following HS Codes shall be zero rated—

3002.20.0 Vaccines for human medicine.

3002.30.0 Vaccines for veterinary medicine

3003.10.00 Medicaments Containing penicillin or derivatives thereof, with penicillanic acid structure, or streptomycins or their derivatives.

3003.20.00

3003.39.00 Other medicaments, containing hormones or other products of heading No. 29.37 but not containing antibiotics, not put up in measured doses or in forms or packings for retail sale.

3003.40.00 Medicaments containing alkaloids or derivatives thereof but not containing hormones or other products of heading No. 29.37 or antibiotics, not put up in measured doses or in forms or packings for retail sale.

3003.90.00 Other.

3003.90.10 Infusion solutions for ingestion other than by mouth not put up in measured doses or in forms or packings for retail sale.

3003.90.90 Other medicaments (excluding goods of heading No. 30.02, 30.05 or 30.06) consisting of two or more constituents which have been mixed together for therapeutic or prophylactic uses, not put up in measured doses or in forms or packings for retail sale.

3004.10.00 Medicaments containing penicillins or derivatives thereof, with a penicillanic acid structure, or streptomycins or their derivatives, put up in measured doses or in forms or packings for retail sale.

3004.20.00 Medicaments containing other antibiotics, put up in measured doses or in forms or packings for retail sale.

- 3004.32.00 Medicaments containing adrenal cortical hormones, put up in measured doses or in forms or packings for retail sale.
- 3004.39.00 Other medicaments containing hormones or other products of heading No. 29.37 but not containing antibiotics, put up in measured doses or in forms or packings for retail sale.
- 3004.40.00 Medicaments containing alkaloids or derivatives thereof but not containing hormones, or other products of heading No. 29.37 or antibiotics, put up in measured doses or in forms or packings for retail sale.
- 3004.50.00 Other medicaments containing vitamins or other products of heading No. 29.36 put up in measured doses or in forms or packings for retail sale.
- 3004.90.00 Other medicaments (excluding goods of heading No. 30.02, 30.05 or 30.06) consisting of mixed or unmixed products, for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale.
- 3004.90.90 Other medicaments (excluding goods of heading No. 30.02, 30.05 or 30.06) consisting of mixed or unmixed products, for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale.

[[Act No. 14 of 2015](#), s. 6(c), Act No. 38 of 2016, s. 31(b), Act No. 15 of 2017, s. 10(c).]