KENYA FINANCE ACT, 2019

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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The long awaited Finance Act, 2019 received Presidential assent on 7th November 2019. In this Newsletter, we have summarised the changes that will be occasioned by this new legislation. Most of the proposals in the Finance Bill have been maintained with a few additions. Some of the highlights are:

- Capital Gains Tax maintained at 5%
- Withholding tax on security services, transportation of goods. advertising and marketing services scrapped
- Interest rate capping has been scrapped
- Withholding VAT reduced from 6% to 2%

DIRECT TAXES

DISTRIBUTION OF DIVIDENDS

The Finance Act, 2018 repealed Section 7A of the Income Tax Act ("ITA") requiring the maintenance of a Dividend Tax Account and instead levying a 30% corporation tax on distribution by dividend from untaxed profits. The only exclusion to this was on dividends declared by registered collective investment schemes. This created a confusion that declaration of dividends out of income exempt from tax would be subject to corporation tax at 30%.

The Finance Act, 2019 has now amended Section 7A by inserting a provision that where a company declares a dividend out of tax-exempt income, such distribution will not be subject to 30% tax. This confirms RSM's view that where a company receives exempt dividends or interest and declares a dividend from such income, the declaration will not result in the 30% tax liability as the distribution of such dividend or interest is not construed as being declared from untaxed profit.

CAPITAL GAINS TAX

EXEMPTION FROM CAPITAL GAINS TAX ON TRANSFER OF PROPERTY

Exemption from Capital Gains Tax on the transfer of property resulting from incorporation, recapitalization, acquisition, amalgamation, separation, dissolution or similar restructuring of corporate entity, where such transfer is:

a) a legal or regulatory requirement;
b) as a result of derivative or compulsory acquisition by the Government;
c) an internal restructuring within a group which does not involve transfer of property to a third party; or
d) in the public interest and approved by the Cabinet Secretary.

This was one of the recommendations submitted to The National Treasury by RSM, to exempt from CGT transactions where there is no change in the beneficial ownership of the assets. Reorganisations were exempt from CGT provided they were in the **public interest** and the transaction was approved by the CS Treasury. Public interest was not defined and the application process was cumbersome thereby discouraging group restructuring. Pubic interest is still not defined under the ITA.

CGT RATE REMAINS AT 5%

The Bill had proposed to increase the capital gains tax rate to 12.5% from 5%. There have been various talks around this including the proposal in the Income Tax Bill 2018 to increase this to 20% but also providing for indexation measures. Maintaining the rate at 5% will definitely come as a relief to persons trading in property.

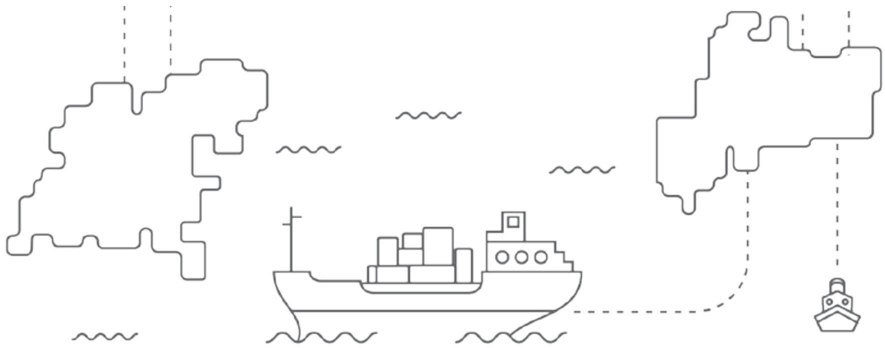
CORPORATION TAX

TAXATION OF NON-RESIDENT SHIP OWNERS

The income taxable in Kenya from non-resident ship owners will comprise all income of a non-resident shipping line including income from delay in taking delivery of goods or returning any equipment used for the transportation of goods shall be deemed as income derived from Kenya. The tax on this is 2.5% of the gross amounts received and is accountable by the agent in Kenya of the non-resident ship owner.

Previously, only gross proceeds from carriage of passengers, cargo or mail which is embarked in Kenya (and not in transhipment) from a ship or aircraft owned or chartered by a non-resident was taxed in Kenya.

The change reverses the provision in the Finance Act, 2018 providing for withholding tax charge of 20% on demurrages payable by the person paying the demurrages to the non-resident ship owner.



TAXATION OF DIGITAL ECONOMY

Income from a digital market place includes income accrued in or derived from Kenya. Digital market place is defined "*a platform that enables direct interactions between buyers and sellers of goods and services through electronic means*".

The Cabinet Secretary for National Treasury will issue regulations outlining mechanisms on the taxation of the digital economy.

A similar change has been effected in the VAT Act anchoring in law that such services are vatable.

EXEMPTION OF INVESTEE COMPANIES OF REAL ESTATE INVESTMENT TRUSTS (REITS)

An investee company of a REIT is now exempt from corporation tax. Investee companies are companies/entities through which REITS hold property.

Previously, only the registered REIT was exempt from tax, but the underlying investee company that held the investment asset was not exempt.

This will now ensure that the income of investee companies will flow directly to REITS tax-free thereby increase the overall return to the REIT investor. The distribution of the income from the REIT to unit holders is subject to a final tax of 5%.

REDUCED CORPORATION TAX RATE FOR PLASTIC RECYCLING COMPANIES

Plastic recycling companies will enjoy a preferential corporation tax rate of 15% for the first five years. This is to incentivise investors to set up plastic recycling plants.

EXEMPTION OF INCOME EARNED BY INDIVIDUALS ENROLLED IN THE AJIRA DIGITAL PROGRAM (ADP)

Beginning 1st January 2020, any income earned by an individual registered under the ADP, shall be exempt from tax for a period of 3 years provided the qualifying members pay a KShs 10,000 subscription upon registration.

This is a Government incentive to bridge the gap between skills and lack of jobs. The aim of this program is to allow the youth to earn tax-free income from working as digital freelancers. The Ministry of ICT with the National Treasury are in the process of developing the framework for registration.

NATIONAL HOUSING DEVELOPMENT FUND

The income earned by the National Housing Development Fund shall be exempt.

REGISTERED HOME OWNSERHIP SAVINGS PLAN

The Finance Act 2019 has introduced provisions requiring the Capital Markets Authority alongside The Central Bank in issuing of guidelines or regulations on investment of deposits in a registered home ownership savings plan. A fund manager or investment bank registered under the Capital Markets Act may hold home ownership savings plan deposits. The provision that was not initially included in the Bill will now provide for regulations that ensure deposits from members are better managed.

AFFORDABLE HOUSING

- **Housing Relief**

The Tax Laws Amendment Act (2018) introduced affordable housing relief at 15% of gross emoluments, not exceeding KShs 108,000. The Finance Act, 2019 has amended the base of the relief from "gross emoluments" to "employee's contribution".

This amendment is to ensure that the relief is the lower of 15% of the gross emoluments or the actual contribution subject to a limit of KShs 108,000.

- **Tax exemption on withdrawals from the National Housing Development Fund**

Contributions withdrawn from the National Housing Development Fund to purchase a house by a contributor who is a first time homeowner are exempt from tax.

- **Thin capitalization will not apply to companies implementing projects under affordable housing schemes**

As of 1st January 2020, foreign controlled companies implementing projects under affordable housing schemes will not be subject to thin capitalization rules.

EXEMPTION FROM TAX ON INTEREST INCOME ON CERTAIN BONDS

The Finance Act has introduced exemption on interest income accruing from all listed bonds, notes or other similar listed securities used to raise funds for infrastructure, projects and assets defined under Green Bond Standards and Guidelines. The bonds and other securities must have a maturity period of more than three years.

The infrastructure bonds are an alternative capital source for the Government to finance infrastructure projects.

WITHHOLDING TAX

INSURANCE PAYMENTS INCLUDES REINSURANCE PAYMENTS

The Finance Act now clarifies that that payment of reinsurance premiums paid to non-resident reinsurers will be subject to 5% withholding tax and includes reinsurance business as defined in the Insurance Act.

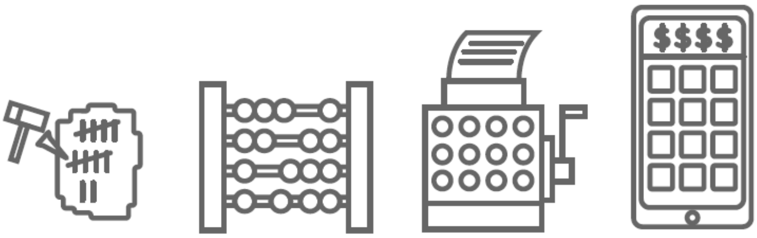
PAYMENTS BY A PERMANENT ESTABLISHMENT TO THE HEAD OFFICE

Currently, the payment of certain expenses including interest, royalties, management or professional fees are not tax deductible expenses where these are paid by a branch to its head office. Consequently, these expenses are not subject to withholding tax as they are not construed to be income earned in or derived from Kenya.

Where such expenses are deductible under the provisions of a Double Tax Treaty, such amounts will now be construed as accruing or derived from Kenya and therefore subject to non-resident rates of withholding tax.

WITHHOLDING TAX ON ADDITIONAL SERVICES

The Finance Bill had proposed to apply withholding tax on services such as security, cleaning, outside catering, transportation of goods, marketing and advertising, sales and promotion. This provision did not make it to the Finance Act.



TURNOVER TAX

Effective 1st January 2020, turnover tax has been reintroduced at a rate of 3% on the gross turnover for businesses whose turnover does not exceed KShs 5 million. Businesses liable to turnover tax will still be liable to presumptive tax. The Finance Act, 2018 introduced presumptive tax at the rate of 15% of the Single Business Permit fee issued by the County Government.

However, any presumptive tax will be claimed as a credit against the monthly turnover tax to be paid.

PENALTIES

The 20% penalty provision on unpaid tax has been deleted to align this with the Tax Procedures Act which provides a similar penalty at 5%. This is just a correction that was not done at the transition.

INDIRECT TAXES (effective 7th November 2019)

VALUE ADDED TAX

IMPORTED SERVICES

Non-registered persons importing taxable services will now be required to account for reverse VAT. Previously, only registered persons with mixed supplies, that is, those who were not eligible to a full claim of input tax were required to account for reverse VAT.

EQUIPMENT FOR THE DEVELOPMENT AND GENERATION OF SOLAR AND WIND ENERGY

Specialised equipment for the development and generation of solar and wind energy, including deep cycle batteries which use or store solar power were expressly exempt from VAT. Beginning 7th November 2019, the VAT exemption is subject to approval by the CS responsible for Energy.

TRACTORS

The supply of tractors is a VAT exempt supply. However, the VAT exemption is restricted to tractors primarily used for agricultural purposes which was the initial purpose of the exemption. Tractors used for transport will now attract VAT at the standard rate of 16%.

LOCALLY MANUFACTURED MOTHERBOARDS AND INPUTS FOR THE MANUFACTURE OF MOTHERBOARDS

Locally manufactured motherboards are now exempt from VAT.

Additionally, subject to approval by the CS responsible for Information Communication Technology, inputs for manufacture of motherboards are now exempt supplies.

PLASTICS RECYCLING PLANTS

Plant, machinery and equipment used in the construction of plastics recycling plants are now expressly VAT exempt. No prior approval is required from a Cabinet Secretary.

MAIZE FLOUR, WHEAT FLOUR AND CASSAVA FLOUR

Effective immediately, the supply of maize (corn) flour, cassava flour and wheat or meslin flour and maize flour containing cassava flour by more than 10% in weight is now exempt from VAT. Previously, these supplies were zero-rated.

AFFORDABLE HOUSING

Goods imported or purchased locally for the direct and exclusive use in the construction of houses under an affordable housing scheme approved by the Cabinet Secretary for National Treasury upon recommendation by the Cabinet Secretary responsible for matters relating to housing are exempt from VAT.

MUSICAL INSTRUMENTS

Musical instruments and other musical equipment imported or purchased locally for exclusive use by educational institutions upon recommendation by the Cabinet Secretary responsible for Education shall be exempt from VAT.

BROKERAGE SERVICES

Stock exchange brokerage services are VAT exempt services. However, the word "stock" has now been replaced by "securities" to expand the scope of the supply to include financial securities traded in the Securities Exchange.

PROPANE

Propane is now zero-rated alongside liquefied petroleum gas. Previously, propane was a vatable supply at the standard rate of 16%.

PEST CONTROL PRODUCTS

Pest control products have been reclassified as zero-rated supplies. Previously, these were vatable at 16%. This is a positive move towards promotion of agriculture, therefore enhancing food security, which is one of the pillars of the Big 4 Agenda

EXCISE DUTY MEASURES

BETTING NOW SUBJECT TO EXCISE DUTY

Excise duty is now applicable on betting transactions at the rate of 20% of the amount wagered or staked. Betting transactions were not subject to excise duty. Lottery and gaming transactions are not subject to excise duty. The duty is to be levied at the time a person stakes the money on a platform or other medium provided by a bookmaker. This will further increase the cost of betting and likely discourage betting activities.

CLARITY ON EXCISE DUTY EXEMPTION ON SUPPLIES TO OFFICIAL AID FUNDED PROJECTS

Excisable goods imported or purchased locally for direct and exclusive use in the implementation of an official aid funded project are exempt from excise duty. Official aid funded project has now been defined to mean "*a project funded by means of a grant or concessional loan in accordance with an agreement between the Government and any foreign government, agency, institution, foundation, organisation or any other aid agency*". Additionally, the Act now defines a concessional loan to mean "*a loan with at least 25% grant element*".

INTRODUCTION OF A GENERAL PENALTY

A general penalty of a fine not exceeding KShs. 2 million or imprisonment of a term not exceeding two years or both has been introduced to cater for offences where a specific penalty is not provided.

INCREASE IN EXCISE DUTY RATE FOR MOTOR VEHICLES

Items	Previous Rate of Excise Duty	Current Rate of Excise Duty
Motor vehicles of tariff heading 87.02, 87.03 and 87.04 excluding locally assembled motor vehicles; school buses for use by public schools; and imported cars with a cylinder capacity exceeding 1500 cc	20%	20%
Imported motor vehicles of cylinder capacity exceeding 1500 cc to 2500 cc of tariff heading 87.02, 87.03 and 87.04	20%	25%
Motor vehicles of cylinder capacity exceeding 2500 cc (8703.24.90 and 8703.33.90)	30%	35%

GOING GREEN! FULLY POWERED ELECTRIC MOTOR VEHICLES TO ENJOY REDUCED EXCISE DUTY RATE

Motor vehicles fully powered by electricity of tariff no. 8702.40.11, 8702.40.19, 8702.40.21, 8702.40.22, 8702.40.29, 8702.40.91, 8702.40.99 and 8703.80.00 will enjoy a reduced excise duty rate of 10%. Electric motor vehicles attracted a similar excise duty rate as internal combustion engines at 20%. This will encourage purchase of electric motor vehicles which are considered environmentally friendly due to zero carbon emissions.

ADJUSTED EXCISE DUTY RATES

Items	Previous Rate of Excise Duty	Current Rate of Excise Duty
Cigars, cheroots, cigarillos, containing tobacco or tobacco substitutes	KShs 10,520 per kg	KShs 12,624 per kg
Electronic cigarettes	KShs 3,156 per unit	KShs 3,787 per unit
Cartridges for use in electronic cigarettes	KShs 2,104 per unit	KShs 2,525 per unit
Cigarette with filters (hinge lid and soft cap)	KShs 2,630 per mille	KShs 3,157 per mille
Cigarettes without filters (plain cigarettes)	KShs 1,893 per mille	KShs 2,272 per mille
Other manufactured tobacco and manufactured tobacco substitutes; "homogeneous" and "reconstituted tobacco"; tobacco extracts and essences	KShs 7,364 per kg	KShs 8,837 per kg
Wines including fortified wines, and other alcoholic beverages obtained by fermentation of fruits	KShs 157.80 per litre	KShs 189 per litre
Spirits of undenatured ethyl alcohol; spirits liqueurs and other spirituous beverages of alcoholic strength exceeding 10%	KShs 210.40 per litre	KShs 253 per litre
Imported white chocolate, chocolate in blocs, slabs or bars of tariff 1806.31.00, 1806.32.00 1806.90.00	KShs. 20 per kg	KShs. 200 per kg
Imported gas cylinders	N/A	35%
Plastic shopping bag	KShs. 120 per kg	N/A

NB: Plastic shopping bags were excisable at the rate of KShs. 120 per kg. The Finance Act, 2019 deleted plastic shopping bags as excisable items since the Government outlawed manufacturing plastic shopping bags.

INFLATION ADJUSTMENT MOVED TO 1ST OCTOBER

The duty rates for fruit and vegetable juices, bottled water and non-alcoholic beverages, food supplements, beer, motorcycles and illuminated kerosene will be adjusted by the annual inflation rate. The date for inflation adjustment has been moved from 1st July to 1st October. This change is in line with the ruling in Okiya Omtatah's petition where the High Court of Kenya held that tax measures cannot be implemented before the Finance Bill becomes a Finance Act (after going through the legislative process as laid down in the Constitution and the assent by the President). The High Court ruling further rendered the Provisional Collection of Taxes and Duties Act No. 44 of 1959 unconstitutional. This implication of the High Court Ruling makes the effective date of all tax measures the later of the date the Finance Act is assented to or the effective date as provided in the Finance Act provided it is past the date of assent of the Finance Act.

EXCISE DUTY ON INSURANCE COMMISSION

The Finance Act, 2019 has further specified the fees charged by financial institutions that are exempt from excise duty. These fees include interest on loans, insurance premiums and commissions earned in respect of a loan or any share of profit. Additionally, The Finance Act 2019 has limited insurance commissions exempt from excise duty to commissions specified under the Insurance Act or its subsidiary regulations. Therefore, amounts paid to independent insurance agents in excess of the amounts specified in the Insurance Act are subject to excise duty.

TAX PROCEDURES ACT (effective 7th November 2019)

LATE SUBMISSION PENALTY

The late submission penalty of 5% of the tax due (subject to the minimum prescribed amounts) shall be calculated after deducting from the total tax liability, the tax already paid and withholding tax credit.

OBJECTION DECISION

The TPA has been amended by the Finance Act 2019 to allow the Commissioner to issue an Objection Decision beyond the 60-day period, where additional information is to be provided by the taxpayer. Previously, the Commissioner was required to issue an Objection Decision within 60 days of receipt of the Notice of Objection.

This is a positive amendment, as it allows an additional period when the Objection is being discussed and the process could be taking slightly longer due to technicalities. Nonetheless, this may also provide an avenue for the Commissioner to delay in providing the Objection Decision.

EXEMPTION FROM REQUIREMENT TO OBTAIN A PIN

The Commissioner can now exempt a person or class of persons from the requirement of obtaining a PIN for transactions listed under the First Schedule of the TPA such as opening a bank account. The person is required to make an application to the Commissioner requesting for the exemption.

TAX AMNESTY FOR COMPANIES LISTED UNDER THE GROWTH SEGMENT OF THE SECURITIES EXCHANGE

The Commissioner will not assess penalties and interest accrued for a company that is listed on the Growth Enterprise Market ("GEMS") of the NSE where the company makes full disclosure of its past income, assets and liabilities for 2 years immediately preceding the date of listing. The tax amnesty will apply provided the principal tax is paid in full and the listed entity has not been assessed tax by the Commissioner or undergoing a tax audit or investigation.

The penalties and interest waived upon listing will be recovered in the event that the listed entity delists from the NSE before the expiry of five years.

The tax amnesty provided is meant to encourage SMEs list under the GEMS program and increase activity at the Bourse.

RECOVERY OF TAXES UPON FAILURE TO DEDUCT OR WITHHOLD

The Tax Procedures Act now introduces a new provision which allows the Commissioner to recover taxes from a person who fails to deduct or withhold tax under a tax law.

The new provision would mean that prior to the Finance Act, the Commissioner could not recover the tax from the payer for the services. This position makes sense on account that the same income would have been declared by the recipient and relevant taxes paid. The new provision may occasion double taxation in a scenario where the Commissioner recovers tax from a recipient of services where the provider has also accounted for tax on the same income.

REDUCTION OF WITHHOLDING VAT RATE

The withholding VAT rate has been reduced from 6% to 2% effective 7th November 2019. Withholding VAT is not applicable on zero-rated supplies. The Statute Laws (Miscellaneous Amendments) Act amended the VAT Act to provide for WHVAT refunds. While this is a step in the right direction, there is still no concrete plan to clear long outstanding VAT refund claims.

DEPARTURE PROHIBITION ORDER (DPO)

The Finance Act 2019 expands the scope of persons to whom the DPO could be issued, to include tax representatives of a company and controlling members of a company. The tax representatives of a company include the CEO, managing director, company secretary, treasurer, trustee, resident director or similar officer of the company acting or purporting to act in such position.

This is to ensure the tax representatives of companies whose controlling members are not resident in Kenya do not evade their responsibilities of ensuring that taxes from the companies are accounted for.

TAX SHORTFALL PENALTY

The Finance Act, 2019 has deleted the tax shortfall penalty for non-intentional omission effective 7th November 2019. The tax shortfall penalty was computed at the rate of 20% of the tax shortfall.

TRANSACTIONS REQUIRING PIN

The First Schedule of the TPA provides a list of transactions for which a PIN is required. There are now two additional transactions for which a PIN is required:

- Registration and renewal of membership by professional bodies and other licensing agencies
- Registration of mobile cellular paybill and till numbers by telecommunication operators

The above additions will give KRA access to data on active professionals and other self-employed taxpayers to expand their data collection on taxpayers.

MISCELLANEOUS AMENDMENTS

MISCELLANEOUS, FEES & LEVIES ACT 2016

ANTI-ADULTERATION LEVY REFUND

Licensed or registered manufacturers qualify for a refund of anti-adulteration levy paid with respect to illuminating kerosene used for the manufacture of paint, resin and shoe polish.

IMPORT DECLARATION FEE (IDF) ADJUSTMENTS

IDF rate for finished goods has been increased from 2% to 3.5% of the customs value of the import effective 7th November 2019. This is aimed at protecting the local manufacturers from cheaper alternatives sourced from outside the country and facilitate growth of the manufacturing sector.

Simultaneously, the Finance Act 2019 has reduced Import Declaration Fee (IDF) from 2% to 1.5% of the customs value of the import for the following goods:

- Intermediate products and raw materials used by approved manufacturers;
- Intermediate products and raw materials imported by manufacturers approved by the Cabinet Secretary for National Treasury upon recommendation by the Cabinet Secretary responsible for matters relating to industry; and
- Inputs for the construction of houses under the affordable housing scheme approved by the Cabinet Secretary for National Treasury upon recommendation by the Cabinet Secretary responsible for matters relating to housing.

RAILWAY DEVELOPMENT LEVY (RDL) ADJUSTMENTS

RDL rate for finished goods has been increased from 1.5% to 2% of the customs value of the import effective 7th November 2019. This is aimed at protecting the local manufacturers from cheaper alternatives sourced from outside the country and facilitate growth of the manufacturing sector.

Simultaneously, the Finance Act, 2019 has maintained RDL at 1.5% of the customs value of the import for the following goods:

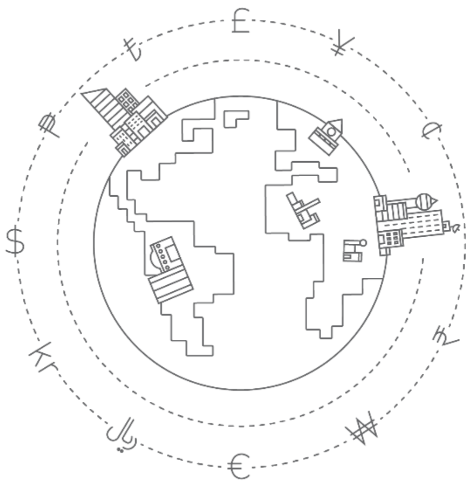
- Intermediate products and raw materials imported by manufacturers approved by the Cabinet Secretary for National Treasury upon recommendation by the Cabinet Secretary responsible for matters relating to industry; and
- Inputs for the construction of houses under the affordable housing scheme approved by the Cabinet Secretary for National Treasury upon recommendation by the Cabinet Secretary responsible for matters relating to housing.

STAMP DUTY ACT

The transfer of a house constructed under the affordable housing scheme from the developer to the National Housing Cooperation is exempt from stamp duty effective 7th November 2019.

BANKING ACT

The Finance Act, 2019 has repealed Section 33B of the Banking Act that previously capped the interest rate chargeable on credit facilities at a maximum of 4% of the base rate set and published by the Central Bank of Kenya.



The Finance Act however does provide that despite the repealing of Section 33B, any agreement or arrangement to borrow or lend which had been made or entered into based on the provisions of Section 33B (now repealed) shall continue to be in force on such terms including interest rates and for the duration specified therein. Moreover, interest rates may be varied downwards.

CAPITAL MARKETS ACT

The Finance Act, 2019 aims to empower the Capital Market Authority (CMA) to enforce penalties and sanctions on players in the capital market who infringe the rules and procedures. This will strengthen CMA's role of promoting, regulating and facilitating the development of the capital market in Kenya.

The general penalties imposed as above shall be recoverable summarily by CMA as civil debts.

HOUSING ACT

The Housing Act established the National Housing Cooperation ("NHC") and managed the Housing Fund. The Housing Fund has been converted to the National Housing Development Fund through the Finance Act 2019. The Government intends to utilize the National Housing Development Fund in implementing affordable housing as part of the Big Four Agenda.

The Housing Act has further been amended to include a general penalty of KShs 1 million or imprisonment for a term not exceeding three years or both. The general penalty is applicable where an act or omission of a person results in the loss of money to the National Housing Development Fund, the person is liable to a penalty equivalent to twice the amount lost.

STANDARDS ACT

The Finance Act 2019 has provided for the vetting and registration of consolidators of air and sea cargo by the Kenya Bureau of Standards (KEBS) in consultation with the KRA. Consolidators have been defined as "*a person who assembles cargo belonging to various person to form one consignment at the country of supply which may be declared as belonging to one importer at the port of destination and deconsolidated back into the original individual consignments for delivery to the respective cargo owners upon arrival at the destination port of consolidators warehouse*".

Qualifications of consolidators shall be as follows:

- Tax compliant;
- A member in good standing with a recognised association of consolidators;
- Has a warehouse in the country of origin and country of destination; and
- Has not committed any offence relating to importation of substandard or counterfeit goods.

A company carrying out the business of a consolidator without registration commits an offence punishable through a fine not exceeding KES 1 million or imprisonment for a term not exceeding one year or both.

RETIREMENT BENEFITS ACT

A proposal has been made to amend the Retirement Benefits Act to allow retirement benefit schemes that invest in guaranteed funds to reduce the period of transfer of funds from three years to one year without suffering a charge of up to 25% of the fund value. This will allow members access to better returns.

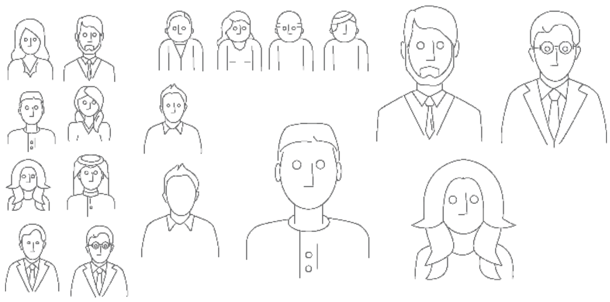
The Act further amends the Occupation Benefits Regulations and Retirement Benefits Regulations that will require schemes to introduce provisions that ensure the exiting members receive their equitable share of the reserve funds.

The Act included changes that require Umbrella Retirement Schemes Regulations to allow members to contribute towards a post-retirement medical fund. In line with the Big Four Agenda, this will aim to achieve Universal Health Coverage.

A new National Pensions Policy and Public Services Superannuation Scheme (PSSS) will be introduced in the Financial Year 2019/2020. The aim of this is to ease the pension burden on the exchequer.

EMPLOYMENT ACT

The Employment Act been amended to provide for the meaning of "basic salary" to means an employee's gross salary excluding allowances and other benefits. The definition has been introduced to provide a basis in computing the levy payable to the National Housing Development Fund.



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