



KENYA

Kenya - Mixed (Common, Islamic and Customary law)

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Incorporating a company in Kenya

Kenya taxes

Want to setup a company? This will tell you about tax laws in Kenya for a PLC, which is the most common company structure in Kenya.

Kenya taxes resident companies on their business income accrued within and outside the country. The established approximate percentage for business income earned abroad, from our research, and your results may vary, is 30%. The country may have certain exemptions to bring in income earned outside the country. The corporate income effective tax rate for a PLC entity is 30%. However, Kenyan branches of foreign companies are taxed at 37.5% rate. Under certain conditions, newly listed companies may be taxed at a 20-27% rate. Kenya ranks 136th when compared to corporate tax rate worldwide.

The valued added tax rate in KE is 16.00%, that ranks Kenya as 101st when compared to VAT globally. In terms of other taxation, an employer will contribute 6.00% to the equivalent of a social security fund and an employee will contribute 6.00%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 51hours. Contributing to this is the number of yearly labor tax payments, which is 1 in KE.

Thin capitalization mandates are in play. Thin capitalisation refers to any type of laws on a business and the debt-to-asset ratios.

Dividends paid by a resident entity to another resident entity are taxable at a final withholding tax of 5%. Being exempt if recipient holds 12.5% or more of voting power of the company paying the dividend. Dividends received from foreign entities are not taxable. Dividends are payments of a company's earnings, decided by the board of directors, to a class of its shareholders. Dividends can be either stock, cash, or property. Capital Gains are taxed at a final tax of 5%. Capital gains from the disposal of shares traded in any securities exchange licensed by the Capital Markets Authority, may be exempted. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 15%. This means that the tax authorities expects resident entities to withhold 15% of money remitted abroad on interest payments. Interest payments to non-residents on bearer instruments are taxed at withholding tax rate of 25%. The dividends withholding tax rate is 10%. This means that the taxman expects relevant legal entities to withhold 10% of dividends paid to non-residents. The royalties withholding tax rate is 20%. This means that the taxman expects relevant legal entities to withhold 20% of payments offshore on royalties. There is no known tax on wealth in Kenya. There are no known inheritance taxes in KE. There are transfer and real property taxes. We are not aware of any frequently implemented research and development breaks on taxation in Kenya.

The above is not tax or legal advice for your particular facts and circumstances. Incorporations.io can refer you to an accountant in Kenya who can give you the proper advice and help you need. Ready to get started? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Kenya is 16% which ranks 101 in the world.

- ✗ Patent box
- ✗ RND credit
- ✗ Wealth tax
- ✓ Estate tax
- ✓ Transfer taxes
- ✗ Asset taxes
- ✗ Capital duties

- 12 Tax treaties
- 30% Offshore Tax
- 30% Corp rate
- Loss carryback years
- 43 Corporate time
- 16% VAT rate

Kenya Legalese

When incorporating, you must look at the law in the country, in Kenya is mixed (common, islamic and customary law) law. You will want to get some local advice as to how to best structure a company in Kenya. E-signatures are allowed.

The country code KE is for Kenya and the most common legal entity structure in Kenya is a PLC.

When setting up, budget about 6 weeks to setup a PLC in KE. The minimal capitalization, or amount you're expected to put into a bank, is 0, This means you don't have any minimum share capital. The types of currencies you can use to setup your business is often any legal currency.

There must be at least This means it is not possible for you to own a PLC in Kenya as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is allowed, up to 51% of the ownership of the legal entity.

There is a requirement to have at least 2 directors. Furthermore, corporate directors are not permitted. Directors should not expect to be private, as they are disclosed. There is a requirement to have annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for a professional firm which can receive a service of process on behalf of the registered legal entity. Furthermore, a corporate secretary is also mandated by the government.

There is a legal obligation to file accounts on a yearly basis. On that note, there is oftentimes a requirement to have these accounts audited.

Overall we think Kenya is a ok option and have given it a score of 48 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✗ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 2 Directors required**
- 6 weeks to form**



KENYA

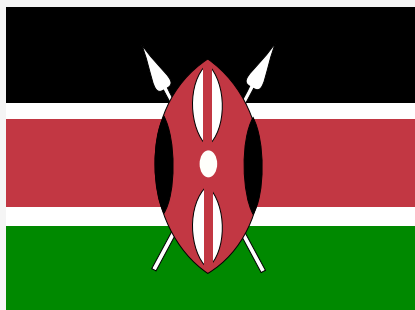
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Country Info



🚩 National Flag of

Republic of Kenya (eng)

Republic of Kenya (swa)

💰 Currency

KES

☎ Area Code

+254

🏙 Capital

Nairobi

📍 Region

Eastern Africa

🗣 Native Languages

English

Swahili