

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 20<sup>th</sup> June 2018

The House met at 2.30 p.m.

*[The Speaker (Hon. Justin Muturi) in the Chair]*

PRAYERS

QUORUM

**Hon. Speaker:** Ring the bell.

*(The Quorum Bell was rung)*

Very well. You may now stop the Quorum Bell. I have a Communication to make.

### COMMUNICATION FROM THE CHAIR

#### DELEGATION FROM THE REPUBLIC OF BANGLADESH

Hon. Members, I wish to introduce to you a delegation of Government officials from the People's Republic of Bangladesh. The delegation is seated at the Speaker's Row and comprises of the following:

- |                                    |   |                            |
|------------------------------------|---|----------------------------|
| 1. Mrs. Ayesha Akther              | - | Deputy Secretary           |
| 2. Mr. Rezaul Islam                | - | Deputy Secretary           |
| 3. Mr. Mahedi Hasan                | - | Deputy Secretary           |
| 4. Mr. Mohammad Kaikobad Khandaker | - | Deputy Secretary           |
| 5. Mr. Khandkar Estiaque Ahmed     | - | Deputy Secretary           |
| 6. Mr. Muhammad Asadul Haq         | - | Deputy Secretary           |
| 7. Mr. Choudhury Muazzam Ahmed     | - | Deputy Secretary           |
| 8. Mrs. Sheren Shobnom             | - | Senior Assistant Secretary |
| 9. Mr. Mutasimul Islam             | - | Senior Assistant Secretary |
| 10. Mr. Tawhid Ilahi               | - | Senior Assistant Secretary |
| 11. Mr. Bernhard J. Smid           | - | Programme Coordinator      |

The delegation is accompanied by Ms. Sharon Kitony, Kenyan facilitator. The delegation is in the country for a training on "Good Governance and Public Administration" focusing on governance for enhanced public service delivery and leadership at the Kenyatta University. On my own behalf and that of the House, I wish to welcome them to the National Assembly of the Republic of Kenya and wish them fruitful engagements during their stay in the country.

I thank you.

## PETITION

## CATTLE RUSTLING IN SUNA WEST CONSTITUENCY

**Hon. Speaker:** Hon Peter Francis Masara.

**Hon. Peter Masara** (Suna West, Independent): Hon. Speaker, allow me to present the following Petition to this House concerning cattle rustling in Suna West Constituency.

I, the undersigned, on behalf of residents of Suna West Constituency, draw the attention of the House to the following:

THAT, for many years now, residents of Suna West Constituency and the neighbouring constituencies have been experiencing incessant cases of cattle rustling;

THAT, this situation has led to the loss of many lives and destruction of property as raiders terrorise residents in the area;

THAT, on Tuesday 15<sup>th</sup> May 2018, a couple was killed at around 12.00 p.m. in their home at Ragana by the said cattle rustlers, but a distress call by neighbours prevented the gang from stealing the cattle from the homestead. The same raiders later stole four cows from a neighbouring home. Fortunately, those cows were later recovered;

THAT, the many cases of cattle rustling in the area can be attributed to the fact that there is no Anti-Stock Theft Police Unit along the border of Kuria West Constituency and Suna West Constituency. Further, there is lack of police posts and the number of security officers within Suna West Constituency is low;

THAT, the Government has an obligation to protect the life and property of its citizens;

THAT, the matter presented in this Petition is not pending before any tribunal or court of law.

Therefore, your humble Petitioner pray that the National Assembly, through the Departmental Committee on Administration and National Security:

1. Investigates, inquires into and reports on the matter and ensures the Petitioners' plight is addressed;
2. Recommends the establishment of anti-stock theft units especially along Kuria West-Suna West constituencies, deployment of more police officers in the area and provision of patrol vehicles to the said officers; and,
3. Makes any other order or direction that it deems fit in the circumstances of the case.

And your Petitioners will ever pray. Thank you, Hon. Speaker, for giving me this opportunity.

**Hon. Speaker:** Is the Member for Ugunja desirous of commenting on the Petition?

**Hon. James Wandayi** (Ugunja, ODM): Thank you, Hon. Speaker. The Petition by Hon. Peter Masara is very critical. I just wish that, as the responsible Committee delves into this Petition, it should consider a number of things. Cattle rustling should be looked at as both an economic activity on the part of the rustlers and as a cultural activity. Therefore, the Committee needs to eventually come up with long-lasting solutions. If it is purely an economic matter of people stealing cattle as a way of enriching themselves, the issue of poverty levels in those areas where the menace is prevalent needs to be looked into. If it is a cultural issue where individuals simply engage in this act as a way of expressing their culture, the Committee needs to be alive to this and should come up with appropriate recommendations on how to educate people to

continually change with the times so that this menace does not continue to affect people not only in Kuria or Migori, but across the country.

**Hon. Speaker:** Let us have the Member for Suna East.

**Hon. Junet Nuh** (Suna East, ODM): Thank you, Hon. Speaker. I stand to support the Petition that has been presented by Hon. Masara. Hon. Masara is my neighbour. I represent Suna East Constituency and he represents Suna West Constituency.

Last year, towards the election time, we lost six lives in my constituency because of cattle rustling. People were invaded at night, their cattle were stolen and lives were lost. It is a very serious matter that needs serious attention from the Government through the Committee. Cattle rustling is associated with some parts of the country. People assume that in that part, they do it as a sport but on this other side, it is a serious matter. I wrote a letter three months ago to the Cabinet Secretary (CS) for Interior and Coordination of National Government, Mr. Fred Matiang'i, and he has never responded. I wrote to him officially as the Member of Parliament for Suna East Constituency informing him of the number of lives that we have lost in that place due to cattle rustling, and that it is happening every month. He did not even have the courtesy to reply and say that he cannot do anything or that he will do something. I assumed that now that he has not responded to my letter, he is unable to do anything about it. He is interested in betting machines and is not taking seriously the lives that have been lost.

This is my place now. It is through your jurisdiction that I have the mandate to speak and tell Kenyans the suffering that my people are going through. Instead of wasting his time banning those betting machines, those things can be done by chiefs and assistant chiefs. They can collect those things and burn them. The issue of cattle rustling is a big problem. I want that matter to be given the attention it deserves. We are suffering. The Anti-Stock Theft Unit that is stationed there is not functioning. We have a raid every month.

With those few remarks, I will appear before the Committee to shed more light on the issues that are going on there. Once the Committee presents its report here, I request the House to pass it.

**Hon. Speaker:** What is your point of order, Hon. Angwenyi?

**Hon. Jimmy Angwenyi** (Kitutu Chache North, JP): Is the Hon. Member in order to question how a Cabinet Secretary works? He is not the CS's boss. He is an Opposition Member. In fact, he does not even want that CS. The CS is working effectively to rid this country of corruption.

**Hon. Speaker:** You do not need to respond to that. The Member is in order to question what the CS is doing. If you feel agitated about the mention of that particular CS...

*(Hon. Jimmy Angwenyi spoke off the microphone)*

You are out of order.

*(Laughter)*

Let us have the Member for Igembe Central.

**Hon. Kubai Iringo** (Igembe Central, JP): Thank you, Hon. Speaker for giving me this opportunity. I support the Petition by the Petitioners. Cattle rustling is a big menace in this country. It is a big menace to people who border the pastoralists or those people who think that cattle rustling is a way of life.

It is very weird that in our country, in the 21<sup>st</sup> Century, people cannot think of other ways of earning a livelihood, but stealing other peoples' cows. I had a similar problem and it is still there in my constituency. I have already asked the CS of the Interior and Coordination of the National Government, through a Statement which I expect him to come and answer in Parliament, why cows are stolen and taken into the neighbouring county. Once they are followed, the rustlers who stole the animals return a few of them and remain with others, and they are not prosecuted for stealing and refusing to return the others. This impunity is rendering some families helpless without any livelihood, animals or even milk for their children.

The issues in the Petition are not only in the Petitioners' constituency; it is across the country. It is high time that the CS for the Ministry of Interior and Coordination of National Government puts his foot forward and tells the country what he is doing to eradicate this vice from our community.

**Hon. Speaker:** Finally, let us have the Member for Kanduyi.

**Hon. Wafula Wamunyinyi** (Kanduyi, FORD-K): Thank you, Hon. Speaker. I also stand to support the Petition by our hon. colleague. I do not think that our Hon. Chief Whip of the Minority Party, Junet, is right in attacking Matiang'i over the machines. I believe those gambling machines are worse than cattle rustling.

*(Loud consultations)*

They are even worse than cancer. Cattle rustling is a problem across the country. It has gone to the extent that even some of the leaders are involved. If you remember a case in Trans Nzoia, some rustlers from a neighbouring county took animals from Trans Nzoia and the leader from the neighbouring county merely retorted that they were collecting *mboga*. The police should rein in some of the warlords in counties who keep arms and send people to steal cows. It is an important Petition. It should be addressed properly and measures should be put in place to curb cattle rustling.

**Hon. Speaker:** Those comments suffice. There is other business to be transacted. The Petition stands committed to the relevant Departmental Committee as sought by the Member who presented it.

Before we proceed, allow me to recognise the presence of pupils and students from the following institutions:

- (a) In the Speaker's Gallery, those from Happy Land School, Makadara Constituency in Nairobi County.

*(Applause)*

- (b) In the Public Gallery, those from Kio Primary School, Kinangop Constituency in Nyandarua County. Gladys Ann Academy, Mosop Constituency, Nandi County; St. Anthony's Boys Kitale, Kiminini Constituency, Trans Nzoia County; Kakenya Centre for Excellence, Kilgoris Constituency, Narok County; Kapsinendet Secondary School, Bureti Constituency, Kericho County; Olive Academy, Narok South Constituency, Narok County and Kilichek Primary School, Chepalungu Constituency, Bomet County. They are all welcome to observe the proceedings in the National Assembly this afternoon.

Next Order!

### PAPERS LAID

**Hon. Aden Duale** (Garissa Township, JP): Hon. Speaker, I beg to lay the following Papers on the Table of the House today:

The 2018/2019 Estimates of Revenue Grants and Loans of the Government of Kenya for the year ending 30th June 2019, which is part of the documents submitted by the CS, National Treasury on Thursday, 14<sup>th</sup> June 2018.

Statistical Annex to the Budget Statement for the fiscal year 2018/2019 which is part of the documents submitted by the CS, National Treasury on Thursday, 14<sup>th</sup> June, 2018.

The Reports of the Auditor-General and Financial Statements in respect of the following Institutions for the year ended 30<sup>th</sup> June, 2017, and the certificates therein:

- (a) Retirement Benefits Authority;
- (b) Agricultural Finance Corporation;
- (c) Statement of Outstanding Loans;
- (d) National Cohesion and Integration Commission;
- (e) Agri and Co-operative Training and Consultancy Services Limited;
- (f) The Receiver of Revenue - State Department of Infrastructure, Ministry of Transport, Infrastructure, Housing and Urban Development;
- (g) The Receiver of Revenue - State Department of Public Works, Ministry of Transport, Infrastructure, Housing and Urban Development;
- (h) The Ministry of Education, Science and Technology - State Department of Basic Education; and,
- (i) Policy Holders Compensation Fund.

The Reports of the Auditor-General and Financial Statements in respect of the following Constituencies for the year ended 30<sup>th</sup> June, 2016, and the certificates therein:

- (a) Likuyani Constituency; and,
- (b) Butere Constituency.

**Hon. Speaker:** Next Order.

### STATEMENT

#### IMPORTATION OF CONTRABAND SUGAR

**Hon. Aden Duale** (Garissa Township, JP): Hon. Speaker, during the Motion of Adjournment of the House yesterday, I made some claims to this House in regard to some companies that were licensed to import sugar in the last one year. I undertook to not only table the list today, but also the *Gazette Notice* issued by Cabinet Secretary (CS), Rotich.

In keeping with the undertaking and the requirement of Standing Order No.91 regarding responsibility of statements of facts, allow me to, therefore, table the following documents:

(i) List of companies licensed to import sugar following *Gazette Notice* No.4536 of May 12<sup>th</sup> 2017.

(ii) List of companies licensed to import sugar under *Gazette Notice* of 12<sup>th</sup> May 2017; 4<sup>th</sup> October 2017 and 13<sup>th</sup> October 2017.

(iii) I also beg to table a copy of the Economic Survey of 2018 by the Kenya National Bureau of Statistics (KNBS) which indicates that in 2017, we imported close to 1,000,000 metric tonnes of sugar during that window. This is more than the total amount of sugar imported into our country in the last six years as reflected on page 124 of the Economic Survey of 2018.

If you allow me, I just want to take the House through the memory lane. In that Report, it indicates that the price of one kilogramme of sugar increased by 16.6 per cent from Kshs118 in 2018 to an average of Kshs137.8 in 2017. In the same Report, in 2017, merchandise trade deficit widened from Kshs853 billion in 2016 to Kshs1.1315 trillion. This was driven by the high import bill which grew by 20.5 per cent over the same period. The main drivers of the import bill were industrial machinery, petroleum products, motor vehicles, iron, animal and vegetable fats, oils and sugar.

Expenditure on sugar doubled during the period from Kshs22 billion in 2016 to Kshs61 billion in 2017. There was an increase in import expenditure from Brazil on account of substantial import increase in sugar in that year 2017. Similarly, there were reductions in cane production and deliveries to factories in Western Kenya, which reduced drastically from 7.2 million tonnes in 2016 to 4.8 million tonnes in 2017. This was because of the importation and flooding in the sugar in the market.

As we have agreed as a country, Parliament must rise to the occasion and defend the rights of the people of Kenya. The rights of people of Kenya will not be defended in the social media. Facts and figures will be tabled in this House. There are over 50 companies listed. The companies have imported 3,500 metric tonnes. There are companies like that of Mr. Rai that imported 184,000 metric tonnes. For the information of the House, when others were importing sugar using 50 kg sugar bags, Mr. Rai - and Kenya Ports Authority (KPA) must be held accountable – was importing sugar like sand. The ships were coming in bulk. The sugar was put in trucks like transporting clinker, the one used in making cement. Then the same sugar was put in go-downs like sand. That is where repackaging was done.

Hon. Speaker, I want you to tell the two committees that they must go to the bottom of this. They must tell us the companies and their directors. If there is any sitting Member of Parliament, it must be said. Time has come that we should not sugar-coat corruption. We should not give people properties they do not own on social media. Let us help the good farmers of western Kenya. As a country, we cannot import 1,000,000 tonnes in a year. I have tabled the Economic Survey Report of 2018. Members must read it.

With your permission, I want these documents to be used by the two committees concerned so that they can start their investigations. We must take to task the Kenya Revenue Authority (KRA), Kenya Bureau of Standards (KEBS), Kenya Ports Authority (KPA) and the National Treasury. How did the Société Générale de Surveillance (SGS) that supplies the Certificate of Conformity (COC) allow contaminated sugar at the Port of Mombasa?

We have KEBS, KEPHIS and the National Intelligence Service (NIS) at the Kenya Ports Authority (KPA). Even the Criminal Investigations Department officers are at the KPA. How did that sugar pass there? How was it cleared? All of us must support the President in the war against corruption and contraband goods.

*(Applause)*

When you see the Leader of the Majority Party doing this, it is not bad. I am still the Member of Parliament for the people of Garissa Township and I can use the Floor of the House

and the Standing Orders. Hon. Speaker, I want you to make sure that our colleagues, the barons and the rich of the rich... I hope and pray that our colleagues who sit in that Committee will not be compromised, so that they can call a spade a spade.

*(Applause)*

There should be no *in-camera* meetings. All deliberations should be open to the Kenyan public and to the media.

Thank you, Hon. Speaker.

**Hon. Speaker:** Hon. Maore, what is it that you want to say on this?

**Hon. Richard Maore** (Igembe North, JP): Hon. Speaker, I think whoever put the Leader of the Majority Party in the social media helped this country. That was so that he could explode and bring us the truth. The Constitution, in Article 108(4), talks about pecking order of the leadership of the House. Number two is the Leader of the Majority Party. We are appreciating what you have done. A lot of us are very angry with the bad manners in Government. You have helped us by doing a lot of work we would have wished to do if we had the same information. Now, as the Leader of the Majority Party, you are supposed to be our link between the Executive and this House. If there are such problems, are we sensing that the Government is slowly turning out to be a giant leaking ship or what is happening? We need to come out on these things.

*(Applause)*

We are having a problem of Government licensing and the Kenya Gazette. *Sio raia ama Opposition wanafanya. Ni Serikali inafanya. Ni nini shida kwa hii Serikali?*

**Hon. Speaker:** You first of all violated the Standing Orders. Secondly, what you purported to have been a point of order was actually a question directed at the Leader of the Majority Party. The Leader of the Majority Party has clearly stated that he is, first and foremost, the Member of Parliament (MP) for Garissa Township. In that capacity, he is perfectly within his right to raise any matter, including matters of corruption in Government because he represents the people and he has a duty and an obligation to raise such matters before the House. Since, in our own rules, once a matter of this nature is raised, it is referred to the appropriate Committee. If it had come otherwise, this matter is monumental. It is the kind of matter that would necessarily have called for the setting up of a select committee.

*(Applause)*

But as you know, the setting up of a Select Committee involves a Motion. It involves a Motion being moved indicating the names of the Members to be in that Committee and, the House votes. Do not, for once, entertain the suspicion I could use Standing Order No. 1 to declare that a Select Committee has been set up. In setting up a select committee, the House votes! If I were to go to Standing Order No. 1, I would be violating Article 122 of the Constitution. So, I will not do that. The matter was raised on the Floor yesterday through the Statement sought by Hon. Lesuuda and referred to the Departmental Committee on Trade, Industry and Co-operatives. I heard the leaders talk about two committees.

*(Loud consultations)*

When you talk about constituting a select committee, it is not done in the manner you are suggesting. You are just sitting in your place and whispering that a select committee will be appropriate. I know that. I have already said it would be appropriate, but that has not been proposed. Nobody has come up with a Motion to that effect. Given the magnitude of this matter, it is the kind of thing I believe the House would have risen to the occasion and approved the Motion, had there been one. But, there is none. Leader of the Majority Party, do you want to say a thing?

**Hon. Aden Duale** (Garissa Township, JP): Hon. Speaker, just because you gave direction on this matter yesterday, I have consulted my colleague, the Leader of the Minority Party. Just because you gave direction yesterday that those two Committees of this House, with very competent men and women of integrity, for now, because of the time factor, I think it is important that colleagues agree with me that we should not return back from what you said. A select committee is just like a departmental Committee. We should have confidence in all our Committees. We are proud that there are men and women who can execute this matter and represent us. So, just because you, yesterday, sent this matter to Committees when it was raised, we will ask them to expedite it, and they may be given more direction.

**Hon. Speaker:** With the matter which was raised yesterday, it was referred to the Departmental Committee on Trade, Industry and Co-operatives. If you look at your Standing Orders on the Second Schedule, you will see that the mandate of the Committee is trade, including securities exchange; consumer protection - which was a matter that was raised - pricing policies, commerce; industrialization, including special economic zones; enterprise promotion and development, including small and medium-size enterprises; intellectual property, industrial standards, anti-counterfeit policies and co-operatives development. The matter is one of import. There was an element of counterfeiting, consumer protection and safety.

Member for Suna East, what is your issue?

**Hon. Junet Nuh** (Suna East, ODM): I just wanted to add my voice to what the Leader of the Majority Party has raised. This matter squarely lies in the Departmental Committee on Trade, Industry and Co-operatives. It is because this is an imported product. It is not sugar that was produced from sugar-cane that was grown in western Kenya, where I come from. It is sugar that has been imported. It is contaminated and it is a counterfeit product. For that reason, this matter can properly be dealt with by the Departmental Committee on Trade, Industry and Co-operatives. Agriculture is about growing. That sugar was not grown in Kenya. It is written "Brazil Sugar". The Standing Orders are very clear on this matter, as you read it under Schedule Two. In fact, if there is a Departmental Committee which should join them, then it is the Departmental Committee on Health. It is dangerous to consume mercury, lead and copper. The doctors in the Departmental Committee on Health can go there.

This is purely a matter of trade, industry and co-operatives. This Departmental Committee is supposed to protect the interest of consumers in this country; consumers who are consuming goods that have been manufactured inside this country and outside. In fact, Dr. Pukose can join them to test the product as a doctor. This matter lies purely on the Departmental Committee on Trade and Industry. I watched on TV this afternoon and I saw the Chairman of the Departmental Committee on Agriculture saying that he has written to the Cabinet Secretary for Agriculture, Treasury and that of Industrialization. I do not know where that confusion came from.

**Hon. Speaker:** The mandate of the Committee on Agriculture is agriculture, livestock, irrigation, fisheries development, production and marketing.

*(Several Hon. Members rose on points of order)*

Hon. Members, it is not that I want your assistance. The Member for Alego Usonga, you seem to have a penchant for raising up your hands. I do not know how long ago you left school where people were used to raising hands. Even yesterday, you were raising hands. Go ahead, Hon. Atandi.

**Hon. Samuel Atandi** (Alego-Usonga, ODM): Hon. Speaker, I have been intervening for the last couple of days, but you seem not to see my intervention. That is why sometimes I have to raise my hands.

I do not know whether I will be bringing you back. My opinion - and this is shared by most of us - is that this matter is very serious and, in my view, we need to form a select committee for reasons that you know this matter is coming from Government. You also know the composition of the committees that we are talking about. They are majorly composed in numbers by Members from the Government side. If we are serious that we want to address this matter, let us form a select committee so that we can have a team that is going to work. It is not going to be controlled by the same cartels and the same names that are help in forming that committee. Let us have these matters debated and let us agree that we have a team that is going to help this country. Otherwise, if we are arguing on which committee should handle what; it means that we are not sure. I want to plead with you that we open up this matter for a select committee.

**Hon. Speaker:** You must also read your Standing Orders. In the formation of committees, there is the reference to relative political party strength. Whichever route you go, you will not avoid that. I think if we cannot trust the committees that you have approved here, then it means that this could be an opportunity for an early general election. Let me hear the Member for Msambweni because he has been raising his hands up.

**Hon. Khatib Mwashetani** (Lungalunga, JP): Thank you, Hon. Speaker. I am the Member of Parliament for Lungalunga. This is a crisis. You know it involves importation of sugar from outside the country. I think for clarity and for proper asking of questions when it comes to importation, I think it is good if we go by your opinion of coming up with a select committee because a select committee will involve Members who may have an expert background. I am a clearing agent and I would tell you for sure that for such a magnitude of importation, it needs proper asking of questions. I do not exist in any of the committees that you have mentioned, but these committees are cross-cutting. We have the Health Committee----

**Hon. Speaker:** But now you are imputing some improper motives. [When you say that it requires proper asking of questions, you are saying that the members we have in these other committees are not capable of asking questions.

**Hon. Khatib Mwashetani** (Lungalunga, JP): Hon. Speaker, I have been in committees. You know there are cases which come up and some of the committees are not aware of what is happening.

*(Loud consultations)*

That is my opinion. Hon. Speaker, you came up with a brilliant idea of coming up with a select committee.

**Hon. Speaker:** Let us hear from the Member for Homa Bay, Hon. Nyasuna.

**Hon. Gladys Nyasuna** (Homa Bay CWR, ODM): Thank you, Hon. Speaker. I would like to support your view and the view of several other Members on coming up with the select committee. My reason is this: You have heard from the contributions of Members the nature of the issue we are dealing with. It is cross-cutting. We have trade issues and agriculture. We must also understand the impact of this on sugar-cane growing. Health might feel the same. There is the issue of tax evasion, KRA and KPA. Finance might also want to get involved. Because of the cross-cutting nature of this matter, I feel that the best way to address it so that no committee feels disenfranchised is by setting up a select committee. That is my submission.

**Hon. Speaker:** Member for Endebess has been raising his hand for the longest time.

**Hon. (Dr.) Robert Pukose** (Endebess, JP): Thank you, Hon. Temporary Deputy Speaker. This is a very weighty issue. I think we should also be able to trust our committees. In our Committee on Trade, our laws allows us to even incorporate experts when it comes to matters that we think the committee will need extra assistance. I do not think we should go the way we are going. Let the Departmental Committee on Trade handle this case competently. Let us give those timelines on when we expect them to be through with this matter and let them table a report here. That is my opinion.

**Hon. Speaker:** Member for Seme.

**Hon. (Dr.) James Nyikal** (Seme, ODM): Thank you, Hon. Speaker. To me, we have two elements here. There is illegal importation of sugar. That is what we are handling and I think the select committee or whatever committee is decided on, will do the job. I am sure it will take time. There is something that worries me. People have talked about contamination with lead and copper. Unless we know that is a joke, that is an urgent matter that I do not think can wait for the committee to work. There is need to find out. Do we have copper and mercury in this sugar? If that is so, there is need to withdraw the sugar. I expect public health officers to go round and check the sugar in the supermarket. It can be done. The officers are there all over the country. That way, we will solve that problem and put it aside. We will be assured when we see the sugar being withdrawn. Whichever committee we want, I will ask the Leader of the Majority Party that this is action that the Executive should take so that we can be at peace. Two weeks or a week will be too long if people are actually consuming mercury. I do not know how mercury got there, but I think...

*(Loud consultations)*

If this was cholera, we would all be saying that something should be done. Unless Members are aware that it is just politics and the sugar is not contaminated. That is my concern.

**Hon. Speaker:** Member for Kikuyu and Chair of Budget and Appropriations Committee.

**Hon. Kimani Ichung'wah** (Kikuyu, JP): Thank you, Hon. Speaker. I would like to add my voice. First, the idea of a select committee is good and a brilliant one. But I think it is an idea that is coming a bit too late. Like Dr. Nyikal and Hon. Wangwe who was seated where I am seated today told this House yesterday, he actually went to Pan Paper Mills and took photographs of the sugar that was in warehouses there. Before he left, there was a truck-load of GSU officers who were ordered to go and guard that sugar. We do not know whether that sugar was being guarded by GSU so that they can move it to other areas and, therefore, destroy the evidence that is there. I feel the more time we spend before the Departmental Committee on Trade, Industry and Co-operatives gets down to work; the more time we spend debating this issue of which

committee should work on it, people will be covering their tracks. Those are not small people. Those are people who are able to even influence policy in the Government.

I took great exception to what Hon. Atandi was saying; that these committees are dominated by those of us from the Jubilee Party (JP). Yes, we were elected on JP tickets, but we were elected to represent the people of Kenya and oversee the Government of the Republic of Kenya. That we shall do. Whether we were elected on JP, ODM, FORD-Kenya or whichever other party, we shall oversee. It is about the lives of our people that we are speaking about. It is not about our political parties. Therefore, it will be irrelevant which committee of this House handles this matter. Whichever committee handles it, it should be able to table a report here within the shortest time possible. If it were possible, Hon. Speaker, if you had the powers to pronounce today that a special team... I wish the Parliamentary Service Commission had formed the parliamentary police unit, because we would have charged our police unit to go and guard all those godowns. I can bet, and I want Kenyans to listen to me, Kenyans in Webuye, Kenyans in Nakuru, if you see trucks moving sugar, stop them. We must get to the root of this matter.

I was just perusing the East African Community (EAC) Customs Management Act as I walked in and a battalion of *boda boda* riders were demonstrating outside Parliament. Those are very young Kenyans, very poor people working on *boda boda* and who are suffering. Today, young Kenyan ladies and men, who are in the confectionaries business, cannot access the EAC market because of failure by the National Treasury to make known to the other EAC countries the exemptions that we gave to sugar last year. That was a breach of the law. It is a matter that the Trade Committee must also look into. We must also charge that committee to look at issues to do with quantities. What were the quantities of sugar that was required and what were the quantities that we licensed people to import duty free? There are laws under the EAC customs that govern how you exempt some of those commodities from taxes and you must notify the other EAC countries. That we never did. Is it that it was deliberate so that this sugar is not just in the Kenyan market? It could be that it is also in the other EAC countries markets.

I want to beg that we allow the Committee on Trade to handle this matter and bring us a report, as the Chair promised us, within seven days. Today is the first day. We are waiting for another six days. We expect the report to be here so that we can debate and deal with these shenanigans of theft and manipulation of Government policy to enrich a few people in this country. We must speak without fear or favour and speak on behalf of the people.

Thank you, Hon. Speaker.

**Hon. Speaker:** The Member for Matungu.

**Hon. Justus Makokha** (Matungu, ANC): Ahsante sana Mhe. Spika. Lazima sisi kama Bunge tuchukulie hili jambo kwa njia inayotakikana. Ukiona jambo linaguza maisha ya mwanadamu, ni lazima sisi kama Wabunge tulichukulie hatua ambayo inatakikana. Maneno ya sukari yameongewa kwa muda mrefu katika nchi hii. Mimi kama Mbunge ambaye anatoka eneo ambalo linakuza miwa, wakulima wa miwa wanateseka. Kwa sasa, kiwanda cha Mumias kimekufa kwa sababu watu katika nchi hii wanatoa sukari nje kwa kiwango kikubwa hadi ile ambayo inatengenezwa katika viwanda vyetu haitumiki.

Ya pili, unaona ya kwamba ripoti imetolewa jana na mahabara ya Serikali ya kuonyesha ya kwamba hiyo sukari iko na sumu. Ikiwa sisi kama Wabunge hatutachukua jambo hili kwa ile hali ambayo inatakikana, tutakuwa tunakosea nchi hii na wananchi wa Kenya. Kwa hivyo, nasihi Wabunge wote katika Bunge hili, ni lazima tuchukue hatua. Iwapo ni mimi ninahusika, nichukuliwe hatua ambayo inatakikana. Hatutaki kuonekana ya kwamba tunasaidia majangili wa

kuleta sukari katika nchi hii kwa njia ambayo haitakikani. Hatutaki tusaidie majangili wa kuleta sukari na kuharibu uchumi wa nchi hii.

**Hon. Speaker:** There is no Motion. You are debating about something which has not been tabled. Hon. Washiali.

**Hon. Benjamin Washiali** (Mumias East, JP): Thank you, Hon. Speaker. The question is whether to form a select committee or let the Departmental Committee on Trade to proceed. I want to support the position of Members who are talking of dedicating this to the committee. That is because Members who are in the Committee on Trade also qualify to be in the select committee. Therefore, we will just be repeating the same thing.

The only other request I want to make is that this is not the first time sugar is being imported in this country. The Departmental Committee on Agriculture and Livestock has had to look at issues of importation for a long time. Even if we do not refer this to the Committee on Agriculture, we need to put a few Members there. Members should know that any other Members, even if they are not members of the Departmental Committee on Trade, Industry and Co-operatives, are free to attend the sessions. Therefore, if you have any questions that you want to ask as a Member of Parliament, you have a right to go and attend the sessions so that you can ask the questions that you would have wished to ask were you in the select committee. Therefore, my request is that, already, the Departmental Committee on Agriculture and Livestock has moved. It has already written to the CS to come and meet them. They have already written to KRA and all the other departments mentioned.

**Hon. Speaker:** They have no capacity to write. Please, I want to encourage Members to know their functions. When you, as a chair of a committee, go to a press conference and start saying "I have written", you have no capacity. None of you has the capacity to write. So, you are misleading the country. I am aware that no letter has been written. That is the truth. No letter has been written because the letters have to go through the Clerk. He can say he has written, but I know he has not. And he has no capacity to write. Letters are written by the Clerk. Already, there was a reference yesterday, at the request of Hon. Lesuuda, referring these issues to the Departmental Committee on Trade, Industry and Co-operatives.

Let us not begin to appear like we are fighting. You are all Members of this House. Indeed, as Hon. Washiali has rightly put it, you are at liberty to attend the hearings of whichever committee and ask questions. As you say, this matter really is of great moment in this country. We cannot wish it away. So, I would encourage as many of you as possible to attend just in case you might have some information that could help whichever committee is dealing with the matter to arrive at what is appropriate in the circumstances of this matter.

So, let us not appear like we are fighting for space. I see the Hon. Leader of the Minority Party indicating he wants to speak.

**Hon. John Ng'ongo** (Suba South, ODM): Hon. Speaker, I think why Members would get a little confused is because of the subject matter. This matter has attracted national attention. That is why I would say that, before I put my thoughts to what was being discussed even if it is politics, we cannot play with the lives of Kenyans. Let us rule out that it is actually politics, instead of assuming that it is politics and the lives of our people are at risk.

However, the question of whether this matter should be referred to either a select committee or a departmental committee, to me, is simple. There is nothing that stops two committees from working together as to form joint meetings of the committees. If the Departmental Committee on Agriculture, Livestock and Co-operatives feels that it has a mandate to investigate the matter and the Departmental Committee of Trade, Industry and Co-operatives

feels the same, why should they not come together? This is not the first time that departmental committees of this House are coming together to investigate a matter of this House. So, I would not have a problem of forming a select committee if there is a reason to do so. Those who are calling for the select committees can tell us. If there are doubts on some Members of these committees, then that is a matter that should be laid on the Table because our Standing Orders are very clear. My fear with forming a select committee on this matter is that if we go that route, then we will render departmental committees useless. Why do we have departmental committees if every matter that is going to come up is going to be subjected to a select committee and yet. Standing Order No. 216 is very clear on the mandate of departmental committees? So, in my view, if we are serious that we want to investigate this matter, we need to ask the committees responsible to investigate this matter publicly. Let Kenyans see witnesses. I do not mind who is going to sit in those committees so long as the people of Kenya are going to watch our legislators. When we start casting doubts in general terms on committees, then we are hurting this House irreparably.

If we have specific Members, say, in charge of trade, industry and co-operatives or the Departmental Committee on Agriculture, Livestock and Co-operatives or Departmental Committee on Administration and National Security whom we feel should not sit when these matters are being transacted, the leadership can even remove those Members from those committees. I am ready to remove, even temporarily, any Members of National Super Alliance (NASA) who Members have strong conviction and evidence that they should not sit in those committees. We will replace them with other Members for the period that this matter is going to be discussed.

However, unless I am convinced as to why it is very important to form a select committee, I would be reluctant. When does the work of our departmental committees start and end. Tomorrow, another matter will come up and Members will call for a select committee. Hon. Speaker that is my view. I have given it in honesty.

Hon. Members, in conclusion, if we are seriously seeing the magnitude of this problem, then issues of which committee deals with it should not even arise. We should deal with the substance. We should even monitor the situation. Hon. Duale, the Whips and I should monitor our Members as they deal with this matter so that we can see a Member who has been compromised.

I want to say clearly and categorically that a matter like this one, if a Member of NASA is going to play about with it, then that Member risks being removed from the committee that we seconded him to.

Thank you, Hon. Speaker.

**Hon. Speaker:** Hon. Leader of the Majority Party.

**Hon. Aden Duale** (Garissa Township, JP): Hon. Speaker, for those of us who served in the 11<sup>th</sup> Parliament, you will remember that we only had two select committees in the whole of that term. I remember the one on *miraa* by Hon. Kajuju. The rationale is that if we start forming select committees, the functions of departmental committees will be nullified. We must agree, as the Hon. Leader of the Minority Party has said, that each and every Member here should not cast aspersions on the integrity of our colleagues.

If we go the select committee way, the earliest that Motion will come to the House is next Wednesday in the afternoon. That is because we need to go and compile and seek the approval of the House Business Committee on Tuesday next week. Let me speak as the Leader of the Majority Party. To pick the select committee will be a very difficult job for me. I am sure

everyone wants to be part of the select committee. Let us be very honest. If you doubt a departmental committee, some of us will also doubt the select committees as well. It could be composed of the cartels. If you doubt the Departmental Committee on Agriculture, Livestock and Co-operatives and Trade, what will make some of us not doubt the ones you are going to form?

In fact, because this matter came through me, I do not want to be accused of selecting people to a select committee. If we follow that direction, I want to excuse myself from being the person selecting members of the select committee. I will leave it to my leaders. Let us respect our Members. As the Hon. Leader of the Minority Party has said, if you are doubting a Member in a given committee, please, tell us because that same committee could be dealing with other sensitive matters. So, why do we trust him? We have agreed to give this committee ten days. If it is the Committee on Health, the Members who have a background in health such as Hon. (Dr.) Pukose and Hon. (Dr.) Nyikal can be incorporated. The Standing Orders will allow us to secure, through the Office of the Clerk, an expert opinion. We can get Kenyans who are experts to come and sit in the committee on taxation or other issues.

The matter that the Hon. Member for Kikuyu was raising is also very important. Article 210 of the Constitution states thus:

“No tax or licensing fee may be imposed, waived or varied except as provided by legislation.”

The question that I am asking is: Before the Cabinet Secretary (CS) gives a gazette notice waving duty; he should have come back to the House to get the concurrence of this House.

Secondly, Section 104 of the East African Custom Management Act, which the CS is citing in the Gazette Notice, talks about the CS to consult his colleagues from the Ministry of Finance within East Africa. Those are the issues we want his Committee to find out. They should ask C.S. Rotich if he consulted, again, when waving taxation for relief. My constituency was a victim of drought, but they never received free sugar. They were buying sugar at a very expensive price. So, were we giving barons tax relief? Our committees can work together - the Finance and National Planning Committee can give its expertise. The Departmental Committee on Justice and Legal Affairs can give its expertise too. Let us make sure that this process is done in the open. No one State officer or private person appearing in the committee should be... Hon. Speaker, you can help us override that Standing Order. We do not want people to come and say that they want to speak *in-camera*.

This matter should not be handled *in-camera*. It should be in the public domain. We want to know the directors of those over 50 companies whose names have been tabled. Let me confess that there are a number of Members of Parliament who were calling my office toady looking for the list. I told them that I would only table this list in the House. It is a public document right now. They can find out which these companies are and who the directors are. People were asking me whether I could give them the list. I said that I would not give the list until I tabled it in this House. It is a public document now. Maybe the same Members are the ones who were asking for the list.

**Hon. Speaker:** Hon. Members, let us not belabour the points. The direction I want to give is one that accommodates both groups. One, as rightly pointed out by the Leader of the Minority Party, there is no harm when more than one committee considers a matter.

(Applause)

However, Hon. Nyikal, Hon. Wanga and other Members have raised the point that the issues here are cross-cutting. There will matters of trade, agriculture, health, finance, transport because Kenya Ports Authority (KPA) is involved and security. If we were to say that this committee or the other would consider the matter, we would have a hotchpotch which will not be neat. In order to promote harmony, I will direct that this matter be dealt with jointly by the Departmental Committee on Trade, Industry and Co-operatives and Departmental Committee on Agriculture and Livestock.

*(Applause)*

Any other Member of this House will be at liberty to appear before the committees. Therefore, I want to encourage the Chair of the Departmental Committee on Agriculture and Livestock to get in touch with his counterpart of the Departmental Committee on Trade, Industry and Co-operatives, so that they can agree on the most appropriate time for them to begin their sittings. The Clerk will release letters to the various persons, bodies and organisations which will appear before you. Because of the seriousness of the matter, those Committees are allowed to sit even when the House is sitting, including during the weekend, if they find it appropriate to do it.

*(Applause)*

Your joint sittings will be held in public at the County Hall Chamber. Remember that is what the Constitution requires us to do, so that the evidence you will gather will be in the open. All Kenyans who are desirous of knowing what is happening will then... As you compile your reports, they will make their judgements as to what they think is the problem. Your recommendations will be there for everybody to see. So, the Chair of the Departmental Committee on Agriculture and Livestock and the Chair of the Departmental Committee on Trade, Industry and Co-operatives should not write the letters. They will be written by the Clerk. The Committees will plan their own diary, sittings and the sequence of those meetings. Because of the cross-cutting nature of the matter, you will be required to invite quite a cross-section of Kenyans. This matter is out there in the open. We all know some of these things which are happening. Even very small traders are being arrested and their things are confiscated. We need to hear as many Kenyans as possible. The Chair of the Departmental Committee on Agriculture and Livestock is here. Make sure that you present a report within 10 days from today. So, you must move with speed and begin your hearing. Some of the officials do not require to be given too much time to appear because they are not too far away from this House. You should get them to come and provide whatever information they have. The documents have been laid here. So, you have everything that you require.

Hon. Members, if we say that we go to the route of forming a select committee, you have heard the misgivings and it will take time. As pointed out by Hon. Nyikal, we do not have the luxury of time. Hon. Members of the two committees, you have your work cut out. It is so directed.

### COMMITTEE OF THE WHOLE HOUSE

*(Order for Committee read)*

*[The Speaker (Hon. Justin Muturi) left the Chair]*

IN THE COMMITTEE

*[The Temporary Deputy Chairman  
(Hon. Christopher Omulele) took the Chair]*

THE COUNTY ALLOCATION OF REVENUE BILL

**The Temporary Deputy Chairman** (Hon. Christopher Omulele): Members, we are in the Committee of the whole House to consider the County Allocation of Revenue Bill (Senate Bill No. 11 of 2018). Hon. Members, those Members who are retreating from the Chamber, kindly do so quietly, so that we can transact this business.

*(Loud consultations)*

Members, you cannot do that.

*(Clauses 3, 4, 5, 6, 7, 8, 9 and 10 agreed to)*

*(The First Schedule, Second Schedule,  
Third Schedule and Fourth Schedule agreed to)*

*(Clause 2 agreed to)*

*(Title agreed to)*

*(Clause 1 agreed to)*

Hon. Members we have completed the County Allocation of Revenue Bill (Senate Bill No.11 of 2018).

*(Question proposed)*

*(Question put and agreed to)*

*(The House resumed)*

*[The Temporary Speaker (Hon. Patrick Mariru) in the Chair]*

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Hon. Members, let us have the Chairperson.

**REPORT AND THIRD READING**

## THE COUNTY ALLOCATION OF REVENUE BILL (SENATE BILL NO. 11 OF 2018)

**Hon. Christopher Omulele** (Luanda, ODM): Hon. Temporary Deputy Speaker, I beg to report that a Committee of the whole House has considered the County Allocation of Revenue Bill (Senate Bill No.11 of 2018) and approved the same without amendments.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Mover.

**Hon. Ichung'wah** (Kikuyu, JP): Hon. Temporary Deputy Speaker, I beg to move that the House doth agree with the Committee in the said Report. I also request Hon. Washiali to second the Motion for agreement with the Report of the Committee of the whole House.

**Hon. Benjamin Washiali** (Mumias East, JP): Thank you, Hon. Temporary Deputy Speaker. I second.

*(Question proposed)*

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Order Members! The Speaker cannot be on his feet and you are also on your feet moving.

*(Question put and agreed to)*

The Mover.

**Hon. Ichung'wah** (Kikuyu, JP): Hon. Temporary Deputy Speaker. I beg to move that the County Allocation Revenue Bill (Senate Bill No.11 of 2018) be now read a Third time. I also request Hon. Aden Duale to second.

**Hon. Aden Duale** (Garissa Township, JP): Hon. Speaker, as I second, I did not have an opportunity to contribute to this Bill. We send resources to county governments year in, year out under the Division of Revenue Bill. I want to thank the Senate for preparing the County Allocation of Revenue Bill and ask them to study the Auditor-General's Report. They should put governors to account and I hope they will also accept to undergo a lifestyle audit.

I saw the Deputy President saying he will be number one. I also want to lead this house in undergoing a lifestyle audit. There is a blogger called Nyakundi, who has been doing lifestyle audit on many people. If what he is writing is true, people own a lot of property. Unfortunately, some of it is fictitious because I live along Kiambu Road and he was tagging that my house is in Karen. Maybe, he was confusing with the House of my brother, Hon. Mbadi or other Members who live in Karen. I live on Kiambu Road and am a subject of Governor Waititu. I neighbour the Member for Mwea.

The amount of money given under this Bill by the national Government, the conditional grants and donor funds coming together is what this House is approving this afternoon. I want governors, our brothers and sisters, all of us together to work for the people of Kenya and make sure that every penny uplifts the people of every county.

Thank you and, I second.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): That Member, I have just talked about it a few minutes ago.

*(Question proposed)*

Hon. Makali.

**Hon. Benson Mulu** (Kitui Central, WDM-K): Thank you, Hon. Temporary Deputy Speaker for allowing me to say one thing about this Bill. I did not get a chance to contribute to it and I want to say one thing which I think is important for Members.

Today is 20<sup>th</sup> June, 2018 and we are passing this Bill so that it can become law. This means we are just confirming to the county governments that they can prepare their budgets. You know the national Government budget is already finalised because we have approved the estimates. We need to think seriously as a House, how we can facilitate county governments to prepare their budgets earlier than they are doing. This means they will use July to prepare budgets instead of implementing them.

With those few remarks, thank you, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): I can see Hon. Atandi has registered interest to speak. Do you want to speak to this?

**Hon. Samuel Atandi** (Alego-Usonga, ODM): Hon. Temporary Deputy Speaker, I had already exited that position.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): You know I am largely guided by the Members interest on the screen. Hon. Maoka Maore! Members registered interest and took off. I will now come to you, Hon. Shaban.

**Hon. (Dr.) Naomi Shaban** (Taveta, JP): Ahsante sana, Mhe. Naibu Spika wa Muda. Swala la ugavi wa pesa kwa sababu ya maswala ya ugatuzi linaguza Wakenya wote kwa sababu maana ya ugatuzi ni kupeleka maendeleo mashinani.

Kazi inafanyika lakini kuna zile kaunti ambazo zimeweza kutumia hizo hera kisawasawa. Kuna zile ambazo zimeamua kufuja pesa. Isitoshe, pesa zile zinazochukuliwa kutoka kwa ushuru wa wafanyi biashara pamoja na zile zinatakikana kutumika kuwasaidia wananchi pale mashinani, zinachukuliwa na kufujwa vibaya sana. Kuna mchezo unaoendelea na sisi tunasema kutoka hili Bunge la kumi na mbili kwamba utukutu huu lazima ukome na pesa ambazo zinaenda kwa ugatuzi ziweze kutumika vizuri. Pia utakuta wameweka madai ya kandarasi ambazo ni gushi. Tunaomba pesa zitumike vizuri, na magavana hapa nchini waweze kusimamia hizi pesa za ugatuzi ili wananchi waweze kupata manufaa na faida.

Naunga mkono.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Hon. Nakara.

**Hon. John Nakara** (Turkana Central, ODM): Thank you, Hon. Temporary Deputy Speaker. We appreciate what the Budget and Appropriations Committee has done. We now encourage county governments to make sure that these resources are distributed equally to all the constituencies or wards in every county.

We need to encourage county governments to prioritise the needs of the counties. We should use our money in a way from which we can see the impact. We need to improve the lives of our people. We need to make sure that our people get services and development. We want to make sure that this money has gone to do a good job.

I also want to encourage county governments to balance between paying debts and undertaking development projects. Some counties have huge debts and whenever they receive this money, they use all of it to pay the debts, which is not good. We want county governments to balance between paying debts and allocating money for development.

Finally, we want county governments to streamline the ways of raising or collecting revenue so that revenue from the locals can complement the budget within the county. By doing so, we will have done the best to help the Kenya Revenue Authority (KRA) to collect revenue.

With those remarks, I support.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Hon. Members, I have confirmed that we have the requisite quorum. Therefore, I will proceed and put Question on this one.

*(Question put and agreed to)*

*(The Bill was accordingly read the Third Time and passed)*

Next Order!

## BILL

### *Second Reading*

#### THE TAX LAWS (AMENDMENT) BILL

*(Hon. (Ms.) Cecily Mbarire on 14.6.2018)*

*(Resumption of Debate interrupted on 14.6.2018)*

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Hon. Members, this is basically a resumption of debate interrupted on Thursday, 14<sup>th</sup> June 2018. Let us have the Leader of the Majority Party.

**Hon. Aden Duale** (Garissa Township, JP): Thank you, Hon. Temporary Deputy Speaker. I beg to support this Bill. The Chair of the Departmental Committee on Finance and Planning will table the Report. He was in the House on Thursday last week, but he was with the Chair of the Budget and Appropriations Committee receiving the CS for the National Treasury to come and read the Budget Statement. I am sure today he will give the House the views of the stakeholders.

Hon. Temporary Deputy Speaker, the Tax Laws (Amendment) Bill 2018 basically seeks to amend three tax related statutes with the objective of enhancing efficiency, national revenue mobilisation and cushioning the public by supporting their livelihoods and socio-economic welfare. The tax laws being amended by this Bill are as follows:

- (i) The Income Tax Act, Cap. 470.
- (ii) The Stamp Duty Act Cap. 480.
- (iii) The Value Added Tax 2013 No. 25 of 2013

In summary, this Bill seeks to amend the Income Tax Act. These are proposals. From the outset, I want to say categorically that all the highlights of the taxation measures that the CS read are proposals. This House and its committees will deal with this matter. When the Finance Bill is introduced, and we get to the Committee of the whole House on the Tax Laws (Amendment) Bill, we will make sure that we balance the interests of the State in raising revenue to support Government programmes and at the same time, represent the interests of the people of Kenya.

The Income Tax Act wants to introduce a tax on winnings in terms of gaming and lottery. It is also trying to create and give an incentive to home owners in our country. How does it do this? It is amending the Stamp Duty Act to provide for an incentive to first-time home owners

and amend the Value Added Tax, 2013, in order to move some categories of items listed in the schedule to the Bill from zero rated to tax exempt in order to limit zero rating to exports. I have read the Report of the Departmental Committee on Finance and National Planning. The Committee has disagreed with the CS on that matter. The Chair will give the reasons because he is the one who had contact with the stakeholders.

The proposed amendments to the Income Tax Act seek to introduce withholding tax on winnings from betting and gaming at a rate of 20 per cent for non-residents and resident persons. These measures reflect the Government's intention to benefit from the growing betting industry through additional tax collection. These measures were already in the Income Tax Act that was repealed due to implementation challenges and subsequent measures to tax.

On this note, I thank the CS for Interior and Coordination of National Government, Hon. Fred Matiang'i, for mobilising and collecting the Chinese made machines where Kenyans no longer go to the farm, to school, to church and to the mosque. For us, we go to the mosque because we do not believe in gambling. Muslims do not believe in gambling. So, I am just speaking on behalf of other Kenyans. Those machines have destroyed the lives of our people. We want Hon. Matiang'i not to stop. Let him continue and make sure that any chief, DO or DC who does not comply with this order is relieved of his duties. Even mama mboga these days does not go to the market. When she gets Kshs200 for food for her children, she passes through the machines in every village. Hon. Limo, the Chair of the Departmental Committee on Finance and Planning told me that in the villages, within his constituency, there are big billboards that show the shops where these machines are. I think we need to support the Government and the CS.

The proposed amendment to Section 22(c)(2) of the Income Tax Act further seeks to increase the allowance for depositors of home ownership savings plan from Kshs48,000 to Kshs96,000 per annum. This amendment is meant to facilitate potential first-time home owners to save for the purpose of purchasing or constructing houses. So, in fact, this amendment is geared towards one of the big four projects of the President, which is about increasing and building 500,000 affordable housing units in our country.

The other proposed amendment is to the First Schedule of the Income Tax Act. This seeks to exempt from Capital Gains Tax and compensate tax levied to those who are developing new businesses at the special economic zones. The Bill seeks to amend the VAT Act to remove a number of items currently listed as zero-rated for VAT purposes to exempt in the Schedule. This move is largely geared towards restricting zero-rating of taxable supplies to exports.

The Chair of the Budget and Appropriations Committee and one of our commissioners are consulting in very loud voices. I told the Member for Kikuyu that he can now take leave. His business ended and now the business of the Chair of the Departmental Committee on Finance and National Planning has begun for those of us who know the budget cycle. From now, it is Hon. Limo who is taking charge because of the Finance Bill and all related Bills. The Chair of the Budget and Appropriations Committee has to complete the Appropriations Bill.

As I conclude, I wish to assure the Hon. Members that the proposals in this Bill comply with the provisions of the Constitution and the Standing Orders. The amendments proposed will not only spur economic growth, but also immensely improve the collection of revenue by the KRA. Further, those proposals will help in the realisation of the key pillars of the Big Four Agenda such as access to affordable housing through the reduction of the transaction cost among other incentives.

Finally, this Bill must be expedited. I am sure if we finish with it today, we must deal with it next week at the Committee of the whole House, so that the Finance Bill does not find it

in the House. The Finance Bill and the Tax Laws (Amendment) Bill are very much related. Before we introduce the Finance Bill, 2018, the House is under obligation to complete the Tax Laws (Amendment) Bill. I am sure the Chair is ready with the amendments so that on Tuesday or Wednesday next week, we can complete this Tax Laws (Amendment) Bill, which carries some of the amendments that are geared to support the President in the Big Four Agenda of access to healthcare, housing, food security and manufacturing.

I support the Bill.

**The Temporary Deputy Speaker** (Hon. Mariru): Let us have Hon. John Mbadi, Leader of the Minority Party.

**Hon. John Ng'ongo** (Suba South, ODM): Thank you, Hon. Temporary Deputy Speaker. I thank you for giving me an opportunity to contribute to the Tax Laws (Amendment) Bill. I also want to reiterate what the Leader of the Majority Party said that the Bill intends to amend three Acts of Parliament, namely, the Income Tax Act Cap 470, the Stamp Duty Act Cap 480 and the VAT Act. There are good provisions in this Bill and I will start with them.

I have no problem with the proposed amendments to the Income Tax Act because the Cabinet Secretary intends to tax the proceeds of winnings from gaming. Although, we also need to agree, as a country, the direction we want to take. If we are not comfortable with some of those activities, we need to put a stop to them rather than talking of taxing them. I have no problem because winnings are actually an income. When you earn an income, it just makes sense that it is taxed. The winnings have become so huge that some people become billionaires overnight. It is important that those people are taxed from the income they get.

The other proposed amendment under The Income Tax Act Cap 470 is to increase the amount allowable for tax purposes in terms of contributions by employed persons to registered home ownership schemes. This is proposed to increase from Kshs4000 to Kshs8000 per month. That is a good one. It will encourage Kenyans to save more to own homes. It should now be understood that if you contribute up to Kshs8000 every month, after this Bill becomes law, you will have a tax relief to that magnitude. That is something that we need to support.

On Stamp Duty, there is a proposal to amend the Stamp Duty Act Cap 480 to remove or exempt those who are buying homes for the first time from paying Stamp Duty. That makes sense because Stamp Duty in this country is 4 per cent. If you are buying a home of Kshs10 million for the first time, you are required to pay Kshs400,000. That will come as a relief for those who are buying homes for the first time.

I have a problem with the provisions in the VAT Act and I am happy that the Departmental Committee on Finance and National Planning has already proposed to stop the move by the Ministry from moving items from zero-rating to exempt. Most of the items that were proposed to now be exempted and not zero-rated are basic commodities. They are commodities that Kenyans need to survive. They are very essential items. Some of us who are not finance experts may not understand the difference between zero-rating and exempting items. When you zero-rate items, apart from the output tax which you will not pay or you will pay at zero, which is basically nothing, you are allowed to claim the import tax. For example, if you are selling a piece of furniture and it is zero-rated, apart from the fact that there will be no VAT on that piece of furniture, you will claim the tax that you paid when buying all the items that went into manufacturing the piece of furniture like glue, nails and timber. But if you exempt it from tax, it means that it is only the piece of furniture which will be exempted from tax yet all the items that were used to manufacture the piece of furniture will still attract tax. In summary, the price of a commodity that is zero-rated is cheaper than a commodity that is exempted from tax.

Since those are basic commodities, if we remove them from zero-rating, we will increase the cost of those commodities to the detriment of the people of Kenya and at the expense and suffering of the low-income earners in this country, who will be adversely affected by that. I am happy that the Committee has seen it fit to propose amendments.

I actually wanted to propose amendments to the same. Remember in the last Parliament in 2014, the Government taxed almost all basic commodities. I had to sponsor amendments which took those items to zero-rating. Now I could see someone was trying to undo what I did in 2014 and I was not very comfortable.

Finally, as we raise these resources and give monies to various ministries, agencies and departments (MDAs) and county governments to spend, I also echo that the Director of Public Prosecutions (DPP) should not just look at the National Youth Service (NYS) and corruption cases at the national Government level. There are files that have been forwarded to the DPP from the Ethics and Anti-Corruption Commission (EACC). We want the DPP to rein in on counties. I am aware of a county where the EACC is recommending that that county has lost close to Kshs1 billion. A county assembly alone losing Kshs1 billion in four years is a shame. I hope that the DPP will not take forever in prosecuting those thieves who do not mind about other Kenyans and think that their personal wealth overrides the comfort of Kenyans.

With those many remarks, I support the Bill.

**The Temporary Deputy Speaker** (Hon. Mariru): Let us have Hon. Makokha Murunga, Member for Matungu. Very well, let us have Hon. Kosgei Hilary.

**Hon. Joseph Limo** (Kipkelion East, JP): Thank you, Hon. Temporary Deputy Speaker, for this opportunity to support this Bill. This Bill is very important because it addresses the Big Four Agenda. That is the import of prosecuting this Bill outside the normal traditional way of doing it under the Finance Bill. The Finance Bill will take time. Therefore, the Members should see fit to support it.

This Bill has very important amendments, which will make the Big Four Agenda be implemented in a very simple way. It is amending several tax Acts. During our deliberations, we had an opportunity of engaging the public through invitations to respond to the proposals in the Bill. We received several memoranda. We invited key stakeholders who appeared before us. Some of them supported and some came up with the amendments in view of what the Bill is proposing to do. Some of the stakeholders who appeared before us included the Kenya Wildlife Conservation Association. They came with new proposals to exempt VAT on conservation fee because they felt that there is discrimination in terms of the treatment on VAT taxation when it comes to conservancies and national parks. They also had proposals on Stamp Duty relating to conservancies in Kenya.

We also had the Institute of Surveyors of Kenya (ISK). As we go towards building several units to ensure that, at least, Kenyans assess housing cheaply and affordably, there was an indication that currently, property valuers in Kenya are many, but the ones who are allowed for purposes of Stamp Duty are Government valuers. It was a surprise that in a country like Kenya, we have only 44 valuers in the whole country. In fact, if we were to have one valuer per county, we would not be able to get valuers in all the counties given that majority of them might be in Nairobi where the bulk of work is. Therefore, we would have several counties up to around 10, who would not have Government valuers. The import of this is that if we have them do valuation, it will take a lot of time. If the Government is building many units to make Kenyans

afford housing, it will take a lot of time for them to do valuation. Therefore, it will pile up and slow down the process.

According to the ISK, they were of the opinion that they have over 600 valuers in private practice who should be brought in to help the Government to achieve the cheap and affordable housing projects in a fast and efficient way. That was their view. Our Committee, of course, at a later stage, discussed and we will be moving some amendments to that effect.

We also had the Kenya Association of Manufacturers (KAM), Agrochemical Association of Kenya (AAK) and the Federation of Kenya Pharmaceutical Manufacturers (FKPM). They came particularly to prosecute the issue of zero-rating as opposed to what is being proposed here to exempt the products around medicine, pesticides and various types of foods. Hon. Mbadi had tried to explain the import of this, that if we allow exemption, any manufacturer in this country will be required to treat their products in a way that they are not able to claim any input tax into production. This means that if you are producing medicine like Panadol in Kenya, and you are sourcing materials within the country, and these materials are treated as tax exempt, that means they will not be taxable. When you are selling medicine, you will have incurred input tax during manufacturing that comes from electricity and other costs, but you will not claim it. Given that you will not be able to claim that particular cost, it will obviously and practically be passed on to the final consumer. It means that if you have Panadol, which is imported, and you have Panadol, which is manufactured in Kenya, the production cost in Kenya will be higher than the imported ones.

Apart from the fact that the consumer will bear higher cost, there will be a temptation for importation of cheaper products. Therefore, it will work around negatively on the pillar of manufacturing because manufacturers in Kenya will not be able to compete favourably with manufacturers who will sell in Kenya through importation. These particular associations expressed themselves very well. At a later stage, we will move an amendment.

We also heard from several others from the oil industry. The oil industry currently is in a very young stage. Therefore, the issues of taxation currently are not targeting real business because if we try to tax them, it will be like taxing capital. Therefore, they were of the opinion that a consideration should be made to extend the timing. They were given some holiday up to end of this financial year before they can start paying real tax. They were of the opinion that they should be given more time.

We also had PricewaterhouseCoopers (PwC) together with the KPMG, who appeared before us. The KPMG observed that this particular Bill proposes to double the tax-deductible savings for housing from the current Kshs48,000 to Kshs96,000. Currently, if you have a savings plan for housing, you are only allowed to save up to Kshs48,000 per year. Now, the Bill proposes to increase these savings to Kshs96,000. In the opinion of the KPMG, when you ask someone who is already saving Kshs48,000 to double, you are asking someone who is earning little to double the savings. The thinking of the Government is to make the low-income earners to afford housing. This is only possible if you assume that they have disposable income which is able to cover the additional room for saving.

Practically speaking, most Kenyans will not afford to double their savings. Effectively, they were saying that it might not work well to help people acquire housing. They were of the opinion that for those Kenyans who will be lucky to prove that they are eligible for the affordable housing scheme, they have to apply and be on the queue for allocation of a house. It is also saving for this programme. They are proposing that we introduce a tax relief of 15 per cent, but to a maximum of Kshs108,000 per year. So, this relief will mean that if you are paying a tax

of Kshs200,000, you will be relieved by being told to only pay the difference between Kshs200,000 and Kshs108,000. This looks reasonable on top of the proposal to double the savings. At a later stage, we will consider this proposal.

As I end on the stakeholders, I will not cover all of them. The KRA appeared before us. Remember KRA is also struggling to collect revenue. This country is one which is capable of funding its own the budget. If we prudently collect our revenue, this country will run away from issues of going for debts from outside. We can sustain ourselves only if we have serious tax collection measures. Therefore, the KRA came to us and they were having ranging opinions. Some of them were supporting these measures and some of them were opposing. At the end of the day, we will come up with some raft of amendments to this proposal.

Let me now go to the particular tax laws and just highlight what these amendments are trying to do. On Income Tax, I had already talked about the doubling of savings, which was being applied to particular home ownership savings plan from Kshs48,000 to Kshs96,000. On that, I said very clearly that there is also a proposal by the stakeholders to have 15 per cent relief to a maximum of Kshs108,000. There is also a proposal on the Income Tax of exemption of Special Economic Zones from paying Capital Gains Tax and Compensating Tax. These zones are important in promoting the manufacturing pillar of what the Government is planning to do. The only issue is that when it comes to the Capital Gains Tax and Compensating Tax, to help the Members understand, the companies which operate under the Special Economic Zones are currently paying tax at the rate of 10 per cent. In case they do not pay the tax because they did not declare profit and they end up paying a dividend, the Government normally levies what we call Compensating Tax. We do not understand how you do not make profit for purposes of not paying Income Tax, and then you declare dividends to the owners. To ensure the Government reins on their profits, there is Compensating Tax. This proposal to exempt these companies from Compensating Tax was opposed by the KRA because it is going to reduce revenue collection.

On the tax on winnings, the proposal is to include taxation on gaming and lotteries to incorporate issue of winners. When you win Kshs100 million through betting, you go home with the loot. There is no tax. Now, this Bill is proposing that winning should also help in enhancing our taxation. I want to add to what the Leader of the Majority Party has said. There is gaming and lotteries in the whole world. But we should have very organised and orderly lotteries. Some of us have never entered a casino because they are specifically for certain kinds of people. There are the Chinese who have come to this country. If we do not control them, they are going to kill the economy of this country. They are going to kill the minds of our people. While we are doing devolution of management of the country and resources, they have come up with devolution of casinos.

You will find small machines operated by big guys. Some of the Chinese who are in Kenya are engaging in hawking. You will be surprised. Members, if you visit a shopping centre in your constituency, you will be surprised. You heard what the Leader of the Majority Party said. I was walking in a small shopping centre one time and suddenly, I saw some lights coming from some room. I asked what it was and I was told to go and I would be shown. The people at the rural areas are experts. They put in coins and some lights come on, then they win or lose. The owners are Chinese; big boys who drive big cars which you cannot afford. What has happened at the end of the day? They have killed the economy and relationships in families. Many women, children and men go to the shopping centres for particular purchases but are tempted to go and play in small casinos. The money goes. What happens? War starts there. So, we are saying that we support the current crackdown on the small machines so that they leave the casinos to an

organised system which has always existed. You will find a casino at the Intercontinental Hotel, but we have never gone there. It is for particular people. So, we should leave our people to have an organised way of doing things even if they have to play the games. We must limit to organised ways of doing it. Therefore, this proposal to bring in winnings to taxation is very good, so that all of us participate in building our economy.

On the Stamp Duty Act, the proposal here is very good. It is proposed that, for the first-time owners of houses in this country, they are exempted from Stamp Duty. Stamp Duty is significant because if you are buying a house, you are required to pay up to Kshs1 million as Stamp Duty. If this is exempted, it becomes easier. That is an initiative by the Government to give some relief to the people and encourage them. It is an incentive which will encourage people to buy and own houses.

On the issue of the VAT, I had explained when I was explaining the stakeholders' views. This Bill is proposing several items which were initially zero-rated. They are now being taken to exempt. We have said, as long as this move is going to lessen administrative cost in terms of collection and claiming of refunds, then that will be fine. The only problem we had was, there are some essential products including medicine and pesticides, which are going to work against the two pillars which the President is working to achieve. When you make medicine expensive, you are making the pillar on universal health unachievable. When you also make pesticides expensive, we are making our farmers miserable and they are not going to make this country food secure. We want this country to achieve those particular pillars in an easy way. Therefore, the particular proposals to make medicine and some pesticides expensive will be considered by our committee through amendments which will be brought to this House at a later stage. In the Committee of the whole House stage, we are going to propose amendments to make these particular items which are going to be expensive for the people of this country

I want to talk about the pillar on food security. This country is capable of doing much better. We must move to a situation where we are making farmers to be encouraged to do farming. We cannot continue to be in a country where we are making farming look like a punishment. All the challenges that we have been having in terms of producing cheaply and making sure that we have enough food, can only be achieved by working around what the Cabinet Secretary mentioned during his Budget Speech, mass farm contracting. The most successful countries have embraced mass farm contracting. You contract the farmers. If you need food to be produced in large numbers, we must ensure farmers have peace of mind. So, we must look at ways of ensuring that the Government does mass farm contracting directly or indirectly. The Government through National Cereals and Produce Board (NCPB) and the Ministry of Agriculture must continue registering farmers and then work on a programme where you sign a contract with the farmers. This will make this country to move away from the current situation where we are concentrating on subsidies. Subsidies cannot work well. What we need is to contract the farmer, sign the contract at a certain price and the farmer will move to financiers like banks to get financing through programmes like Local Purchase Order (LPO) financing. Once they are assured that you have a contract to produce these numbers of bags, no one will refuse to fund. If you work around what we are doing in subsidies, it is around Kshs 70 per bag. But if you contract the farmer with the price of Kshs3,500 a bag, it will encourage them and they will work with it. To mitigate the issues of environmental changes in case there is crop failure, we must encourage crop insurance so that the farmers will be safe and they will produce.

On housing, at a later stage in the Finance Bill, you will see countries which are successful in ensuring that every citizen has what is called Housing Fund, where we contribute a

certain amount every month. It is just a fund like NSSF but for the purposes of housing. Such kind of initiatives will make this country work around the current challenges.

I will not want to continue so that I can allow other Members to contribute to this particular Bill. This Bill is important and I encourage you to support it so that we can make implementation of the four pillars move quickly. As I end, I want to say, this country has made very good steps in health care but we must work with it. I was surprised yesterday when the principals of schools talked about the issue of NHIF. They actually prefer it than the cover the Teachers Service Commission (TSC) has taken on their behalf through private insurance companies. It means that we can actually build our own institutions and make them viable than the private institutions.

I want to end by encouraging Members of this House to support this Bill and it will make this country successful.

Thank you very much, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Hon. Members, you will notice that Hon. Limo had an extended provision. Remember the resolution this House passed on 14<sup>th</sup> February was that the Chair of the relevant committee will have a maximum of 30 minutes. Hon. Limo took almost all those minutes. Other Members do not have that latitude. Each Member who will speak to this Bill will have maximum of 10 minutes. A Member can take less than 10 minutes so that as many Members can speak to it.

Let us have Hon. Robert Mbui.

**Hon. Robert Mbui** (Kathiani, WDM-K): Thank you, Hon. Temporary Deputy Speaker for this opportunity to also contribute on the Tax Laws (Amendment) Bill, 2018. I first want to begin by saying that Kenyans are highly taxed. As a country the tax regime is overburdening our population. We pay tax on almost everything. We pay Pay as You Earn (PAYE) on our salaries, when you fuel your car, you pay the fuel levy, when you buy food there is taxation in it, VAT, Excise Duty and so many others. Tax is okay because that is what we require to run the country because the economy needs money. It is the fuel for running the economy.

Unfortunately, one of the problems that we face as a nation is most of times this money is raised but it is not used in the best way possible. We do not get enough services for the money we pay in taxation. A lot of our money is lost. Every time you switch on your television or radio or buy a newspaper, there are cases of corruption. It actually feels bad for Kenyans when we are paying taxes and the money that we pay end in a few people's pockets. We listened to the Cabinet Secretary in charge of Treasury when he was here. He has a plan of increasing the burden on Kenyans which we would have been comfortable to support. Unfortunately as I said, Kenyans are tired of the amount of taxation we are paying. This Bill is actually a relief because it is relieving the burden on Kenyans. It is not a punitive Bill; it is a Bill that is supposed to be assisting our people. The amendments on the Income Tax Act, Cap 470 are supposed to ensure that they give a tax incentive to people who want to buy homes. That is a positive thing. That is something that is helping our people.

One of the other amendments is the amendment to the Stamp Duty Act, Cap 480 which is supposed to be providing an incentive for the first-time home owners by exempting them from paying stamp duty. That is a very positive thing. I am very happy because this is something we all need to support because it relieves the burden on our people. The only part where there is a burden being imposed is also the place where I feel the burden should be imposed. That is the amendment to the tax laws, the amendment to the income tax where we are introducing a withholding tax on winnings from betting and gaming. We must discourage this culture that is

creeping into this country where people believe that they will succeed or get rich by luck. Our youths are getting destroyed. Every time there is a game that is being played, they bet. When we were young, we used to enjoy sports as young men. But now the young people are not just enjoying the game, they are actually betting. So almost everything that we are doing in this country has become a way where people are gambling their lives away. There are young men who are spending all their pocket money from primary through to universities, to the business of gambling.

I am happy that this Bill proposes to increase taxation on winnings the people get. But when I read the Report from the Committee, it is quite discouraging and I think we need to be careful how we word this. It says, first and foremost, that these measures reflect the Government's intention to benefit from the growing betting industry through additional tax collection. We should not, as a country, be saying that we want to benefit from a vice, something that we know is not helpful. We should not be glorifying the fact that the Government is going to get more money from these people. There is something else I read, that the move to introduce this withholding tax is aimed at shifting some of the burdens from the betting and gaming companies to the punters, in actual fact, the victims. Maybe what we should do is increase this tax on the companies that are involved in gaming and betting and also increase the tax further than what we have proposed here on the people that get the winnings so that we can discourage this culture. It is something that is going to destroy our nation.

This is a step in the right direction. I think Members are comfortable with the idea that this is the way to go.

With those remarks, I support.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Hon. Mwangi Gathiru.

Hon. Atandi Onunga.

**Hon. Samuel Atandi** (Alego-Usonga, ODM): Thank you, Hon. Temporary Deputy Speaker, for giving me an opportunity to make a contribution on this Bill. From the outset, I would like to say that I support measures which are aimed at realising domestic revenue for running of our economy. I am one of the few who believe that, as Kenyans, we do not need to borrow resources to fund our budget. So, the proposals that are contained in this Bill are justified.

Let me begin by talking about the Income Tax proposals. I support the proposal to tax winnings on betting and gaming. This is basically a sin tax because it aims at deterring obsession by youth in gaming in this country. We must treat gaming as a leisure activity, not as an economic activity. Therefore, the proposals here are going to ensure that we stop this obsession. If you walk across the country, a lot of youth are today involved in this business. They wake up in the morning and the only thing they want to do is the gambling business. So, this tax is justified.

The other proposal that I love is contained in the Stamp Duty Act, which proposes that, one, for the collector of Stamp Duty, we will use the services of registered and practising valuers to support valuation reports. I worked in the banking sector before I joined Parliament and if you are processing a mortgage today, it would take you more than six months for you to get the property registered in your name. This is majorly because of the delays that are involved in processing valuation documentation. So, having registered valuers involved in valuing property to be purchased will have served two things. One, it will allow the Government to collect revenues in time as opposed to the situation right now where it takes more than a year or six months for the assets to be transferred. Two, we need to take advantage of the professionals that

have been trained in the field of survey who are currently doing nothing yet the Government has only 44 valuers across the country. So, these are very good proposals and I want to support them.

The proposals contained on the Stamp Duty Act, where we are going to give opportunity for first-time home owners to be exempted from Stamp Duty is justifiable. In this country, if you are not a cartel, a sugar or drug baron, you find it difficult to own a house. It is the duty of the Government and this Parliament to ensure that we facilitate young people who are just employed from universities and colleges or the youth who are struggling in their small businesses to own houses. They cannot do this if we do not facilitate them as a House. So, I support this proposal. The rejoinder that I would like to add is that this proposal should not be blanket, because we know that there are sons of the rich, and sons of who is who in this country, who would probably find it very easy to own a house for their first time because their fathers would probably support them. So, if we make this proposal blanket, I think it will not serve the purpose for which it is created, which is basically to allow youth from ordinary background to own houses.

Some of the proposals contained in the VAT Act are not justifiable. I was surprised when the CS for the National Treasury brought these proposals. How do you bring proposals that in the long-run will make the cost of basic commodities to go up? It will also make local companies to close down or to retrench. When you move products from zero-rating to exempt, in short, you are making the products very expensive. If they become expensive, Kenyans will probably go for imported products. In the long-run, we are going to have these companies retrenching or closing down. The wholesome effect on the economy will be very diverse. So, I would like to say that the amendments which we proposed as the Committee on Finance and National Planning on the VAT should be adopted.

The other proposals on this Bill are justifiable and I would like to urge the House to support them. If you look at the budget, we are even wondering how some of those proposed measures will be met, because the revenue projections that are there, if we do not strengthen the tax measures that are being proposed, I doubt whether we are going to meet the proposals in the budget.

I also would like us to tax the rich. This is something that we cannot run away from. I was surprised that in the Budget Statement by the CS, he withdrew this proposal. The rich must be taxed because a lot of them have stolen wealth. Even if they are hardworking, businesses that are thriving in this country are businesses done with the Government and we have issues to do with the way these people make their resources. In future, we must bring tax measures that will ensure that those who own so much also pay so much, especially those who own land. There are people in this country who have large tracts of land, which they are not even utilising and yet they are not paying any tax on the land. I believe that we still need to think about other tax measures that should help this country grow its ordinary revenues.

Otherwise, Hon. Temporary Deputy Speaker, I support. Thank you.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Next we shall have Hon. (Dr.) Makali Mulu.

**Hon. Makali Mulu** (Kitui Central, WDM-K): Thank you, Hon. Temporary Deputy Speaker, for allowing me to also make a contribution to this Bill.

This Bill is aimed at supporting revenue raising measures in this country. This is all targeted at improving tax administration in the country. We know out of the many programmes the Government plans to implement, we must think of how to raise revenue to fund them. This amendment, in terms of timing, I appreciate the Chair, Departmental Committee on Finance and National Planning. The amendments are focusing on revenue raising measures and very soon, we

will be discussing the Finance Bill, which was presented to us just the other day which in a broader way, will be focusing on the same. So, I see a situation where we will finalise on this Bill and we are likely to get some of the provisions of this Bill, when it becomes an Act of Parliament, finding their way into the Finance Bill.

So, in terms of structuring the processing of the two Bills, the timing is excellent. I must support the House Business Committee and the Chair of the Departmental Committee on Finance and National Planning for ensuring that this comes earlier than the Finance Bill. Even as I say that, I want to discuss a few things. Because of the nature of the amendment and the fact that they are few, there is a bit of repetition in terms of what we are saying.

So, let me just throw a spanner into the works in terms of what we are calling 'zero rating' as opposed to 'tax exemption'. Hon. Mbadi and Hon. Limo, the Chair of the Committee, have explained that when you zero rate an item, it is likely to be cheaper than when you tax exempt it. What you call Value Addition Tax, the inputs which come in as you process, will be taxed. However, we must also think about the other alternative to it. Because of corruption issues in this country, and we all agree in this country corruption is a problem both in the public sector and in the private sector, what happens is that as the manufacturing sector is claiming refund of the tax for the inputs, there is lot of corruption which goes in there.

They are even likely to exaggerate the figures so that even the tax we have paid in a genuine manner is likely to be going back to the manufacturers. We do not refund exactly what should be refunded as a way of compensating for tax inputs. That is where we need to be careful. Theoretically, on matters of administration and tax issues, there is the element of cost of taxation or efficiency in tax collection. I do not know if I would be wrong to imagine that there could be a situation where by zero rating items, we are opening doors for people to claim more from the Government than the actual figures to be claimed. Maybe Hon. Limo will be helping us as we move forward to that. I see that as another loophole. As we collect more resources, this might become another loophole that will make us lose more resources in the same manner.

The other issue I would like to talk about is gaming. It is important that we seriously tax gaming proceeds. It should be prohibitive tax. If we are serious about stopping gaming, we cannot just allow people to move away with these huge amounts of money without being taxed. One of the problems we have in this country is that our school children are working hard, but when they see somebody has just used Kshs20 and has obtained Kshs20 million, they lose the focus. The question is: What signal or message are we sending to these young ones? We are telling them that it does not matter whether you work hard or just sit, one day you can do gaming and win.

Time has come when this country must send the right signal to our young ones that hard work pays. You just do not just sit and become rich. You must work hard to become rich. That way, we will be instilling the right values in our children, so that they can work hard and do not go for short cuts which seem like every Kenyan is going for. This concerns me. So, as we tax this, it is important that we start sending the right signals in terms of values so that our children and the young people can know that it pays to work hard.

The other issue is that of Stamp Duty, where anybody buying a house for the first time will be exempted from paying it. This is important in this era when we are talking about affordable housing to our people. We need to support this proposal, so that we can encourage more Kenyans to buy houses and live in decent environments. The more we do this, the more you find more Kenyans buying houses so that we can supplement whatever the Government is doing in terms of construction of houses. This is going to be very important.

On the issue of taxation, we normally say, as economists, that tax is a good evil. When you are being taxed at an individual level, you feel bad. The other day, I was in one of our vernacular radio stations and one of the presenters was telling me that if he had opportunity to tell his employer that he should not be taxed, he would do that as soon as possible. He is a bitter Kenyan when he sees the amount he is paying every month and the level of corruption where part of his money is involved in that corruption.

So, even as we collect taxes, it is important for us to address the issue of corruption, which provides opportunities for the taxes to be mis-applied. If we can do that, we will encourage Kenyans to pay more taxes. Kenyans keep saying that they are highly taxed at about 35 per cent. People in some developed countries pay as much tax as 60 per cent of their income, but they never complain because they have free education, healthcare and most of the facilities are available. So, the 40 per cent that remains is for their leisure. In that case, if taxes were properly applied for the intended purposes, Kenyans can see a kind of return and value for their money. They will then pay more money to the Kenyan Government and they will never complain. This is exactly what happened during the regime of Hon. Mwai Kibaki. Kenyans paid tax when we moved tax generation from Kshs200 billion, and by the time he left, we were almost at about Kshs1.2 trillion.

So, let us collect taxes. Let us tax Kenyans more, but provide services so that Kenyans can feel that they are getting value for their money.

With those remarks, I support these amendments.

Thank you.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru) Very well, before getting to my right, let me have Hon. Oduol Adhiambo.

**Hon. (Prof.) Jacqueline Oduol** (Nominated, ODM): Thank you, Hon. Temporary Deputy Speaker for the opportunity to contribute to this Bill. From the outset, I support the Bill. I was happy to note from both the Hon. Leader of the Minority Party and the Chair of the Committee that there was room to look at some particular issues. I want to particularly speak to the question of reclassification of supplies from zero-rated to exempt status to increase domestic funding.

Hon. Temporary Deputy Speaker, I am aware that to date, we are not collecting revenue to the level that we would like to. Less and less money is being collected by the KRA. I am aware that there is consciousness to try and balance so that we do not burden Kenyans with external debt in the budget. It is something to laud. There was also an effort to balance domestic and external debt.

Article 95 of the Constitution clearly defines the role of the National Assembly. It represents the people of the constituencies and those with special interests. I am in this National Assembly courtesy of nomination to represent vulnerable groups, particularly women, children, elderly, persons living with disabilities and the youth. It is to this extent that as we look at this Bill, I urge and indicate that we relook at the manner in which we reclassify supplies from zero-rated to exempt tax status. If they are in exempt tax status, it means that we will make items more expensive. It means that the manufacturer cannot claim back VAT. We are talking of increasing cost of medicine, cooking gas, milk and bread which are used by Kenyans who are most vulnerable. Whereas we look at this as a way to improve tax collection, we are clear that it would place an extreme and negative effect on people from disadvantaged backgrounds. Women and children in informal settlements and rural areas will bear the greatest burden.

I support this Bill. I want to point out that we have increased the levy on mobile money from 10 per cent to 12 per cent. We know that we have a large informal sector in this country where a lot of people do not access traditional banks and lending. Increasing tax on mobile money will greatly affect this group. Although we want to borrow money and have external debt from the International Monetary Fund (IMF), we need to look at the effect and implication of increasing tax on mobile money. I am aware, as most Kenyans are, that the IMF has been pressing Kenya to do away with tax exemption to increase revenues, reduce budget deficits and slow down debt. As representatives, we do not want to have a situation where there is an increase in petrol taxes. For example, if we get a 16 per cent increment at the fuel pump, it will affect transport and the livelihoods of the most vulnerable.

Therefore, as I support this Bill, I want to join other colleagues who have indicated that we must take special measures. We should also take note that when performing our legislative role, we should not end up in a context where we pass laws that will do the exact opposite. We should not pass laws that cause a great suffering to the people.

As we talk about gaming, let us look at how we can balance the cost and get revenue from gaming. I am a Member of the Departmental Committee on Sports, Tourism and Culture. I want to indicate that in our Committee, we looked at the real concern that is affecting our population, namely, the youth, women, and children. We were concerned that we should pass legislation that supports the Executive and enables them to protect the populace. In doing this, as a Committee, we were in a position to say that we do not want to do piecemeal amendments in the miscellaneous amendments of eight laws because they were 48. We wanted to begin from scratch. That is something the House will hear from us.

We are watching the manner in which the Executive is executing its mandate. We saw the Cabinet Secretary (CS), Mr. Matiang'i, trying to ensure that we do not allow fake machines to continue to destroy the livelihoods of our children. I would like to bring to the attention of the House the concern and the general feeling of Kenyans. Sometimes we tend to have a lot more drama. When Kenyans see the way we engage, they think that there will be a lot of hype. After a while, this is not necessarily the case. I applaud the action taken. I want to request that we establish a systematic manner which will ensure that gaming does not affect our population, especially the vulnerable ones who are the youths, children and women. We should employ and act on what is already in place.

As I conclude, I want to say that there is too much borrowing. I know that we would like to collect revenue and engage, as much as it is possible, through taxation avenues that would enable us to get the money. We should bear in mind the impact of poverty and the manner we look at our country today. An estimated 47 per cent of our population lives below the poverty line. It is extremely affected. When we look at taxation, the policy does not bear that in mind. We should look at this idea of trying to come up with reclassification of supplies from zero-rated to exempt tax status. We should put a lot of weight on basic commodities and transfer the bulk to the people. Women and children who are living in informal settlements and rural areas are the ones who will bear the burden. We know currently that they suffer from lack of progress. They are in dilapidated schools and are at a risk of a bleak future. I look forward to the amendments which will be brought to this Bill. I do not want us to get to a situation where we move from zero-rated to exempt status and we do not have ways to handle this matter.

Hon. Temporary Deputy Speaker, I want to thank you. I know we are aware that if we were to do a lot more in the way we monitor and manage the money we collect, we would not need to go to this level.

I support the Bill.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Before I give the opportunity to the next speaker, allow me to acknowledge the presence of students from SOS Eldoret School in Kapsoya, Ainabkoi Constituency, Uasin Gishu County, who are seated in the Public Gallery. They are most welcome. I can tell that Hon. Chepkut is quite excited because his school came to visit.

Hon. Kihara Wanjiru.

**Hon. (Ms.) Jayne Kihara** (Naivasha, JP): Thank you, Hon. Temporary Deputy Speaker. I join my colleagues in applauding the amendments in this Bill. As a country, we know that we need to pay taxes. Kenyans are very good people. They are prepared to pay taxes all the time. Allow me to quote in Kiswahili what His Excellency, Mwai Kibaki, once said that: “*Lipa Ushuru ujitegemee.*” When we pay taxes, we sustain ourselves as a country. The problem is where the tax goes. Do we want to entertain Kenyans with big headlines of corruption every morning? That is our biggest problem. The Big Four Agenda will be a problem if we are not going to tame corruption in this country.

On universal healthcare, as you are aware, we have brought in doctors from Cuba. We train our doctors but fail to pay them well and so, there is an exodus or a brain drain. We have used our taxes to educate them. I think this is something that the Government needs to relook into, so that universal healthcare can easily be achieved.

As a mother, I want to talk about gambling. I suggest that the Government should create a national rotary where all the money will go to fund Government projects as opposed to gaming, which is everywhere. Our children are stealing our money from the cupboards to bet. They are stealing everything. We have seen the drug menace in this country. Who are bringing these drugs? What do they want with our children?

I happened to be out of Parliament for 10 years and as you know, doing business with the Government has become very easy. However, if you do not belong to a cartel, there is no way you can access Government business. We have been talking about 30 per cent tendering business for the youth and women. We have not seen this come through because of corruption. We have become a wheel dealing and broker country such that even the youth that we bring up do not see the sense of education anymore. You have heard over the radio and television of money being won from this and that corner. So, we are encouraging our youth to gamble and education does not seem to make sense anymore.

The Committee talked about contracting farmers. You will realise that in this country, women do a lot of work in the farms, get produce, but there is nowhere to take this produce. So, as a country, we should make sure that anything produced in the farm gets a market. Another Big Four Agenda is manufacturing. We have seen factories close for the last many years. For us to open them, we have to make sure that if sugar milling companies have a deficit, they are the ones to import sugar and not individuals who bring in all manner of sugar and evade taxation.

I do not know when we reached a stage where supermarkets can package their own sugar yet they are not millers. Where is this milling being done, such that we have branded sugar in the name of supermarkets? All this is corruption. There is all manner of corruption in this country such that His Excellency President, Uhuru Kenyatta, will have no legacy to talk about if we do not tame corruption. As a country, we need to emphasis on educating our children. Yes, we now have free primary and secondary education, but it is not as free as we think because children are still sent home because of poverty. Let us use our taxes well because Kenyans are willing to pay taxes to get better services.

I beg to support.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Before, I give the Floor to Hon. Odhiambo Akoth. Sorry, let me give the Floor to Hon. Dennitah.

**Hon. (Ms.) Dennitah Ghati** (Nominated, ODM): Thank you, Hon. Temporary Deputy Speaker for this opportunity. I am happy that you have selected three ladies in a row to speak on matters budget. I think you are one very gender sensitive Chair and I thank you.

I really support the Tax Laws (Amendment) Bill because we are talking about ways of strengthening our revenue collection. I am happy that we are doing well in terms of revenue collection in this country. However, what I am not sure and keen about, is where the revenue that we collect go to. A lot of money in this country is going to waste. Before the Budget Statement was made, we saw the amounts of money that had been wasted and embezzled through the NYS, the Ministry of Health, many other companies and ministries which mishandled and officers stole money. This is a shame to this country.

In as much as the budget looks holistically into the affairs of this country, we tend to basically overtax this country. Kenyans are overtaxed yet in terms of services delivery, our people do not get the services they pay for. Our various county governments are mishandling and embezzling funds. I support my party leader and President Uhuru Kenyatta on their statement on lifestyle audits. We have to look at how our governors become millionaires overnight. This is an issue that we need to address and look into.

In developed countries like the United Kingdom (UK), they have national rotaries and proceeds from these rotaries, gaming and betting go to support a course like health or persons living with disabilities. However, in this country, we have *wazungus* who are coming and opening gaming sites everywhere even in the counties and major cities like Kisumu, Mombasa and Nairobi. Everywhere you go, you will find casinos. People are making money and becoming millionaires overnight. We do not know how they are taxed. This is the reason I support these amendments because we are seeking for ways of highly taxing the betting companies.

We have not seen betting companies giving to our philanthropy work. I want to see them giving to philanthropy work and supporting education, children with disability and other courses. These people are taking money outside this country and making our people poor. We have seen young people in this country who are jobless only thinking about betting. The world cup is here and everyday I find my young friends telling me to bet even for teams I do not know. They told me to bet on Poland or Lions of Teranga, simply because they know I will lose because I am not a football fan and they will make money out of this.

We need to address the issue of youth unemployment because we have no choice as a country. I have had opportunity to live in the United States of America (USA) where betting is basically regulated and people bet for a cause. In this country it just goes everywhere. In those countries that are developed like the USA where I have lived, worked and studied, we know that their governments cushion the Americans and the Britons. The governments in those countries have established what we are calling the food rations. You know the food rations. You know the medicare and coupons that poor people in such countries and people who live in settlements usually go for shopping with. This is because those governments are very serious in cushioning the welfare of the people.

I am a little happy because the taxation of my constituents... You know I am the Member of Parliament for persons with disability. I look at the way in which this taxation has basically tried to cushion my people. Of course, you are aware people with disability are tax exempt to a certain level and they actually do not pay taxes. However, even for them to access that

certificate, that card and that exemption from the Kenya Revenue Authority it becomes an issue. They do not know procedures and that is why we are saying that. As much as we are talking about budget and taxation and the tax laws in this country, we as Members of Parliament have to intensify these campaigns and awareness so that our people know exactly what they are exempted and what they are not.

I support this Bill. We basically need to look at ways in which we can make sure that those mechanisms in our counties that enhance these funds in our various counties are able to be strengthened so that our counties are accountable. Revenue that is collected in Kenya should equate to service delivery. We cannot overtax our people yet we are not making them live comfortably. That is not fair and that is why you see most Kenyans are not happy with this Budget. Most of our Kenyans know that as much as this Budget is saying tax exemption, where are the services? We need to address where this monies that the national Government is getting disappear to yet people do not receive these services. So, as much as I support these Tax Laws (Amendment) Bill, I want to say that we need to basically overtax these gaming companies. This is where money is and this is where we need to overtax.

With those few remarks, allow me to support.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): We shall now have Hon. Odhiambo Akoth.

**Hon. (Ms.) Odhiambo-Mabona** (Suba North, ODM): Thank you, Hon. Temporary Deputy Speaker. I know when you say Hon. Odhiambo Akoth most people do not know who that is. Most people know me as *Amilo Geza Geza*.

Be that as it may, I stand to support this Bill. Even in supporting, I want to say that ordinarily, I was not very well minded to support but now that the Departmental Committee on Finance and Planning has said that they are going to propose amendments relating to the VAT Act, then I will support

However, even as I support, I want to say that whoever thought of levying taxes on basic commodities like milk, medicine and sugar, especially with the prevailing circumstances in the country, was not very wise. You know a lot of women rely on milk. Lactating mothers rely on milk and when you are talking about medicine, we have people with lifelong diseases like HIV/AIDS, diabetes and several other diseases. They can hardly afford the medicine leave alone when we levy further taxes on them. As for sugar I do not even want to mention. We are taxed through mercury and then we come here and we want to tax again in Parliament. Whoever thought about it was very ill advised but I thank the Departmental Committee on Finance and Planning that they have rethought it and they are bringing amendments, which I will support.

I know Members have spoken a lot to the proposed amendment to the Income Tax Act on the winnings on gaming. I do not know if it was Hon. Duale who was saying that a lot of our youth are now involved in gambling. A lot of our women are not doing their work and people are not going to the *shambas* because of gambling. I think it is the opposite. It is not that people are not going to work because of gambling. People are gambling because there is no work. We have very many youths who are not employed. We have women who cannot make ends meet. We have an idle population in this country which is a ticking time bomb. Just now we have seen thousands of *boda boda* riders from Nairobi outside Parliament demonstrating because they are not being allowed to operate within the city because we are bringing laws that are not sensitive or realistic to the needs of Kenyans.

Even though I know gambling is a bad thing, I am not encouraging it. In fact, it is destroying a lot of lives. I want to tell Hon. Duale that it is not only in Islam that it is outlawed.

Even in Christianity it is outlawed but people still gamble because they are idle. It is said that an idle mind is the devil's workshop. We have many idle minds. So, they have nothing to do and when people are over idle, there are things that they will get involved in some of which I will not mention here but the other one is gambling. I will not mention the others which will cause the population to increase. Gambling is something that people are engaged in because they have no alternatives. Yes, as much as I encourage that we can increase the tax on gambling, we must deal with the underlying issue which is unemployment.

I laud the amendments that encourage people to own homes, especially first home owners though sometimes some of these things are almost ridiculous. As much as we are allowing many people to own homes, how many Kenyans are able to own these homes? I know there are many of us here who are resisting lifestyle audits. You know Parliament and politics is a very interesting thing. Only four months or so ago, we were the resisters. I was a master resistor: "We shall resist." We were all in the streets resisting. Now there are others who are resisting in the House and outside. Why? It is because of lifestyle audit. We are now speaking rhetoric here about; "Oh, do not look at my salary alone, I am doing business." Even if you are doing business, let us look at your age, your salary, that business and whether you are involved in business of performing miracles. Unless you are in business of performing miracles, the kind of wealth that people are making in this country is crazy. Some of us are sitting here morning to evening trying to earn an honest living and then suddenly you see somebody's house has sprouted from nowhere.

Unfortunately, because we are so poor as a country, this is who Kenyans are following. They follow you because you can dish out money because people are desperately poor. So, we end up having people who come into this House to protect ill-gotten wealth. I totally and fully support lifestyle audit. Personally, I am able, ready and willing for a lifestyle audit. The only thing I am worried about for myself is, maybe, I will belong to another category of the very poor ones which again the country does not like. We do not like very poor people but we love extremely rich people even when we do not know where their wealth is coming from. Let us not be shy. It does not matter whether you have done a thousand businesses. Let us know how you can do business in sugar and out of the business in sugar for one year, you can build 40 hotels and buy a chopper. I would want to be involved in that business. I think it will help the people of Suba and the classrooms that we are not able to build and the health facilities that are in a pathetic situation if you can be doing such kind of business that some of us are involved in.

The proposed amendments are aimed at inspiring economic growth and to support the Big Four Agenda. I agree with the Hon. Member for Naivasha who indicated that unless we deal with the issue of corruption, we are not anytime soon going to spur economic growth and neither will we realise the Big Four Agenda. If you do not know, the Big Four Agenda very soon will be Agenda 1 - How do I steal? Agenda 2 - How do I steal much more? Agenda 3 - How do I steal much much more? Agenda 4 - How do I excel in stealing? That has become the chorus in this country. No wonder this little boy was asked on television what Kenya's legacy to the world is. We are bequeathing corruption to the world. I am told that Members of Parliament from Zambia came to learn about corruption in Kenya. They just did not say how to be corrupt.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): What is it, Hon. Korir Nixon? You seem to have pressed the intervention button.

**Hon. Nixon Korir** (Lang'ata, JP): No, Hon. Temporary Deputy Speaker. I do not have any intervention. It was by mistake.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): You pressed the intervention button.

**Hon. (Ms.) Odhiambo-Mabona** (Suba North, ODM): Hon. Temporary Deputy Speaker, you know when I speak very passionately about issues of corruption, it inspires Members until they press buttons that they did not intend to. That is normal for Hon. Korir to press that button because it just shows that he is in agreement with what I am talking about. Young members of Parliament like him do not want a country that is so corrupt that we leave nothing for the youth. Very soon, the young people will be eating us.

Finally, because I can see that my time is up, we must slay the dragon of corruption and impunity in this country. Unless we deal with those two main issues, all the legislative work that we do here will become a circus. Year in, year out, we make amendments but our lives are not changing, especially for the women, youth, persons with disabilities and the marginalised. We must change the way we do business in this country.

**The Temporary Deputy Speaker** (Hon. Patrick Mariru): Hon. Kanyuithia, you have come and met a few other Members. Please, be patient. You will get a chance in a short while.

Let us have Hon. Moi Kipruto.

**Hon. Raymond Moi** (Rongai, KANU): Thank you, Hon. Temporary Deputy Speaker for giving me this chance to contribute to this Bill.

A lot of people have spoken and we are all in agreement that we collect a lot of taxes but we do not utilise the money properly. There is so much corruption in this country. There is no single day you wake up without reading about corruption. There is corruption everywhere. The tax laws being amended are the Income Tax Act, the Stamp Duty Act and the Value Added Tax (VAT) Act.

The amendment to the Income Tax Act seeks to reintroduce a 20 per cent tax or a withholding tax on winnings from betting and gaming. That is good because for so long, we have allowed those people to make a lot of money from betting. Most of the taxation had been borne by the gaming companies and not the punters themselves - the people who play those games. We have reached a point where the Government is saying that the punters must also pay. They have been told to pay their share, which is 20 per cent. This is fair. It is also fair in that it will mobilise revenue for the Government. But as most Hon. Members have said, we are good at collecting taxes but once it is collected, there are a few people who misuse those funds. Those funds belong to a few people. Where does the buck stop in this country? When will someone in this country stand up to say that this should not happen? It is about time. We talk about laws and we know that laws cannot help anything in this country. We create a lot of laws. There are enough laws in this country to stop corruption. Taxing the punters is a good thing.

The Tax Laws (Amendment) Bill also seeks to exempt developers and operators in the special economic zones. It seeks to exempt them from paying capital gains tax and also compensating tax. That is good because it supports the Big Four Agenda. It supports manufacturing. I support that amendment. With regard to the amendment to the Stamp Duty Act on the issue of exempting first-time homeowners, it is good because it also creates housing for those who cannot afford it. It makes it available to them. But it is minimal. We do not know what the rates are but we know that they are currently between 2 and 4 per cent, depending on where you are. I support this because it will enable those who do not have homes to purchase them.

Let me go to the amendment to the VAT Act. I support all the amendments except the amendment to the VAT Act. We will need to amend this when it gets to the Committee of the whole House. I will be there. Shifting items from being VAT rated to the exemption schedule

will mean that there will be import tax but then those people will not be able to claim on VAT. This means things like medicines, milk and Liquefied Petroleum Gas (LPG) will become extremely expensive. Those items are mainly used by the majority of Kenyans. These are 90 per cent of Kenyans who are very poor. They depend on LPG, milk and medicine. They require a lot of medicine. Shifting those items to the exemption schedule will mean medicine and LPG will be expensive. I do not support the amendment. I believe that those items should be left at zero-rating so that the suppliers who manufacture those things or those who supply to the manufacturers will be able to claim the VAT from the Government as opposed to passing on that cost to the consumer.

When we begin increasing the cost of the LPG, it means that people will not be able to buy cooking gas. It means that they will revert to wood and deplete forests. This is not green energy. We are going the other way. We are not going in the right way. This is wrong. We should make things like kerosene and LPG very cheap for the common person. Now it has reached a point where it will become extremely expensive.

On the issue of inputs in the pharmaceutical industry, we know that 90 per cent of Kenyans are not insured in terms of health. When we increase the cost of medicines by those people not being able to claim VAT, how will these people be treated? This is a very worrying point. As I had stated earlier, I support these amendments but the particular one on the VAT Act needs to be looked at carefully.

I do not want to delve so much into this. A lot of Members have spoken about betting and gaming. I agree with *Mheshimiwa* Mille Odhiambo. She is right. Those people engage in gambling because of unemployment. They are idle and have nothing to do. They would rather gamble. It is a vice. Hopefully, by taxing lotteries and gaming companies, the activities will slow down.

*[The Temporary Deputy Speaker  
(Hon. Patrick Mariru) left the Chair]*

*[The Temporary Deputy Speaker  
(Hon. Christopher Omulele) took the Chair]*

I support the Bill.

**The Temporary Deputy Speaker** (Hon. Omulele): Let us have the Member for Runyenjes.

**Hon. Eric Njiru** (Runyenjes, JP): Thank you so much, Hon. Temporary Deputy Speaker, for giving me a chance to contribute on Tax Laws (Amendment) Bill of 2018. Let me start by saying that I am very impressed with the idea of imposing more tax on gambling because it is a fact that so many of our young people are lost in gambling. Unlike in other countries where gambling is done in regulated environments, almost everybody in this country can gamble. The experience that I have seen in my constituency every time I go round is that so many people especially the young are now not inspired to work hard. They want to believe that they can make some very easy money through gambling. I am in support of the idea of imposing more tax on gambling so that we can discourage young people getting into it.

I also want to support the idea of the Cabinet Secretary (CS) for Interior and Coordination of national Government, Dr. Fred Matiang'i, who has come out well in his fight against gambling machines. It has got so many young people out of school. I want to go against

the idea from one Hon. Millie Odhiambo who has indicated that so many people have gone into gambling because of lack of jobs. From where I sit, I have seen so many people especially the young who are getting so interested in these gaming things. Taxing more on these gambling will also enable Government to get more money to finance the Big Four Agenda and the development agenda in this country.

Finally, it is also very important that we think about the corruption levels in this country. It has been said before that a lot of money—almost a third of our national Budget – goes into people’s pockets. It is important that we rally behind His Excellency the President and his deputy in their fight against corruption so that we can ensure that taxpayers’ money is put into proper use so that we do not have a country where people pay taxes but do not get value for it.

With those few remarks, I beg to support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Tandaza.

**Hon. Kassim Tandaza** (Matuga, ANC): Asante sana, Mheshimiwa Naibu Spika wa Muda. Naunga mkono Mswada huu kwani ikija masuala ya bahati nasibu ni masuala ambayo yanaenda kinyume na maadili ya ufanyi kazi. Mambo ya bahati nasibu ni kwamba watu milioni moja wanachanga shilingi kumi kumi na inakuwa milioni mia moja lakini unachukua milioni moja unampatia mtu mmoja. Kwa kifupi bahati nasibu ni kama wizi. Unanyang’anya wengi mara milioni moja halafu unampatia mtu mmoja. Kwa hivyo, zingengezwa kiasi cha kwamba watu wasiwe na moyo wa kufanya huu mchezo wa bahati nasibu.

Kwa masuala ya utozaji ushuru, ningetaka kuchangia kwamba kuna wakati ambao vijana wengi waliambiwa kwamba wanahitajika wawe na *PIN*. Bila kujua, kwa hari ya kuwa labda wapatiwa mikopo na vitu kama hivyo, wakachukua *PIN*. La kushangaza, baada ya miaka mitano, ukitaka kuwasaidia hao vijana kwa kuwapatia kwa mfano zabuni, wakienda Halmashauri ya Ukusanyaji Ushuru (KRA) kutafuta yale makaratasi yanahoyohitajika, wanaambiwa walipe faini takriban elfu sitini kwa sababu walichukua *PIN* lakini hawakufuatilia. Kama mtu yuko kijijini ni vigumu apeleke yale makaratasi yanayohitajika hata kama ni kila mwaka. Kwa hivyo, katika masuala ya utoaji wa ushuru na faini, ninaona kwamba mambo kama haya yangeangaliwa hasa kwa wale vijana ambao walipata *PIN* na hawajapata ajira yoyote wala hawajafanya biashara.

Jambo lingine ambalo ningetaka kuongeza ni kuhusu hii *Big Four Agenda* za Mheshimiwa Rais. Mojawapo ni usambazaji wa nyumba ambazo zitaweza kufaidi wananchi. Hapo ningeomba ushuru kwa upande wa mbao zinazoletwa kutoka nchi za nje zizitozwe ushuru, ziziwekewe vyeti kwa sababu zikiwekewa hapa Kenya, tunajua kwamba tumepiga marufuku ukataji wa miti, naona moja kwa moja kutachangia ajenda isiweze kutimia ilhali ni ajenda ya manufaa kwa wananchi.

La mwisho ni suala la madawa na ule ushuru ambao umewekwa. Tunajua kwamba mara nyingi, wale ambao wana pesa huenda India kwa matibabu. Lakini wananchi wengi hawana huo uwezo. Upande wa kule Pwani utakuta wengi wanategemea sana madaktari wa miti shamba. Utaona mtu anajiita daktari lakini huyu ni daktari wa miti shamba si daktari halisi. Hii ni kwa sababu ya bei ya madawa ambayo wengi hawawezi kujihimidi. Ikizidi, tunajua wengi kwa upande wa Pwani wanalazimika kuvuka mpaka kuenda nchi jirani ambayo matibabu iko chini.

Kwa hivyo, moja kwa moja naunga mkono huu Mswada lakini kwa upande wa madawa na matibabu, lazima tuingalie upya. Hata tukisema tutapeana ule mradi wa kila mwananchi aweze kujisajili kwa NHIF, najua itachukua muda mrefu. Sioni kama mwananchi anastahili kuumia wakati tukiingojea ile miradi ya Serikali ambayo itafuatilia.

Kwa hayo machache, ninaunga mkono nikingeze maoni ambayo nimetanguliza hapo mbeleni.

Asante.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Korir Nixon. Member for Lang'ata.

**Hon. Nixon Korir** (Lang'ata, JP): Thank you, Hon. Temporary Deputy Speaker. From the outset, I rise to support the Tax Laws (Amendment) Bill, 2018. The intended purpose of the tax laws is to raise more revenue for the Government. It is an aspiration of every government to sustain itself without borrowing. This is a good step in terms of trying to raise the revenue because we have the Big Four Agenda and other projects that need to be done. Just as my colleagues have said, we are also hoping that the revenue that will be collected will equate to service delivery because that is what Kenyans want. They want service delivered for the tax they pay.

I want to support the exemption of the stamp duty for the first home owners. Many people in this country cannot afford housing because it is very expensive. One of the expenses of course is the stamp duty which goes up to 4 per cent of the value of the house. Exemption of the first owners from paying this stamp duty will motivate very many young people and those people who do not have a lot of money so that they can purchase a decent house for their families.

On the VAT, I want to agree with my colleagues that moving some of the basic commodities like *unga* from zero rating to tax exemption is not appropriate. This will mean that the companies that are producing these commodities will not be able to claim the 16 per cent VAT from the items they are using to produce these commodities. That will translate to them adding the 16 per cent to the cost of the commodities and pharmaceuticals. Every government aspires to provide affordable cost of living to its citizens.

Apart from that, I support this Bill on the basis that we are trying to raise revenue so that we are able to raise more money for the Big Four Agenda. We want to be a self-sustaining country so that we are able to minimise the borrowings from other international actors.

Thank you. I support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): The Hon. Mulyungi Mutemi, Member for Mwingi Central.

**Hon. Gideon Mulyungi** (Mwingi Central, WDM-K): Thank you, Hon. Temporary Deputy Speaker. I rise to support this Tax Laws (Amendment) Bill, 2018 for the same reason that my colleague who has just spoken has said that this is intended to raise more money for Government.

I support tax on winnings from betting and gaming to 20 per cent because this is going to shift the burden from betting companies to punters. This is going to deter idlers who are engaging in betting, especially our children and vulnerable members of our community. I would like to join hands with my colleagues who have just said that the Government should come up with better policies of ensuring that our young people who complete schools find a place to work so that they do not idle around and engage in illicit businesses. These are the problems we raise when we go to the villages as Members of Parliament. You will find these youths all over. If you are not good to them, they can even rough you up if you are not careful and in good books with them. They are very dangerous. If we allow that to grow, this country is going to be difficult to manage. We have just seen them here at the gate of Parliament; the youth who ride *boda bodas*. Somebody who has been elected by members of public tries to deny these young people a job where they earn their living from – chasing them away from the city centre. There must be a better solution. You cannot just chase *boda bodas* from the city centre without giving them an

alternative solution to earn their living. Therefore, I stand with those boys who are there at the gate so that their issues can be properly addressed.

The tax incentive on home ownership is good. Owning a house in Kenya is a dream to everybody, including us who sit here in Parliament. It is not very easy to own a house. Therefore, this attempt to increase incentives of owning a house in Kenya is much welcome, especially the exemption of stamp duty for first home owners. I support it wholesale.

The Value Added Tax Act, 2013 which intends to move some items from zero rating to tax exempt is welcome, especially building materials. Most of us here have constructed a house. It is not very easy, it is very expensive to build a house – materials are very expensive; they are not affordable. Any attempt by the Government to reduce the cost of a house, especially to me who is an architect, is much welcome. I support this idea of exempting some of the building materials for those constructing more than 5,000 houses to support the Big Four Agenda.

You know we have now moved on from resist styles. We were resisting in the streets. We have now moved on from that. We have also moved on from handshakes. In fact, these handshakes can be contagious. You contaminate yourself with incurable diseases if you are not careful. We are now talking about lifestyles. I do not know what is next. After lifestyle audits, are we going to deathstyle audits? Kenya is moving to the graves. We have heard about mega scandals which are not supposed to be there because Kenya has always talked about fighting corruption. The Jubilee administration since it took power has always spoken about fighting corruption. In the midst of all this fighting corruption, we hear about theft at the National Youth Service (NYS); we hear about theft of maize; we hear about theft at the Kenya Pipeline Company (KPC). We are now hearing about counterfeit sugar contaminated with mercury. Where are we heading? After the lifestyle audits, what else are we going to audit? These laws must go beyond just collecting money. They should be laws for guarding that money from ending up in people's pockets. I will support any policy by the Government that will go into guarding money from being stolen.

Before I conclude, I want to support my Party Leader, Hon. Kalonzo Musyoka. We were rebranding ourselves and opening a new office yesterday. That office almost looks like State House. I was given an office there and I feel very comfortable as the treasurer of the party. My Party Leader proposed that we put legislation in place to govern that lifestyle audit so that it is a process that is founded in law. I saw His Excellency President Uhuru Kenyatta saying that he should be the first to be audited followed by his deputy. I wonder which State officer will go and ask the President questions about where he got what he has. Who will go to the Deputy President and ask him where he got what he has? So, we need to put legislation in place so that it is not just rhetoric talk, it should be founded in law. An agency that is not scared by the President and the Deputy President can go and question them. If I question you, Hon. Temporary Deputy Speaker, where you got that tie you are wearing, you will not give me a chance to speak in this Parliament. Therefore, it must be real so that as we fight corruption, it is real.

I support. Thank you.

**Hon. (Ms.) Rachael Nyamai** (Kitui South, JP): On a point of order, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Rachel, what is out of order?

**Hon. (Ms.) Rachael Nyamai** (Kitui South, JP): Hon. Temporary Deputy Speaker, I wanted to find out whether it is in order for the honourable Member to give an example using the name of the Deputy President in his presentation. There are so many other people he could use as

an example instead of making reference to the Deputy President of this country. He did it more than once. So, I am concerned whether it is in order for him to do that.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Rachael, he is in order because he was speaking in respect of the assertion by the President that everybody will undergo a lifestyle audit. The honorable Member was in order. Let us make progress. I will have Ndindi Nyoro, Member for Kiharu.

**Hon. Samson Nyoro** (Kiharu, JP): Thank you, Hon. Temporary Deputy Speaker, for the chance to contribute. From the outset, I support the amendments. With regard to stamp duty, as a young person, I am very happy that, progressively, many of the issues we are passing here are youth-based. I say so because a majority of young people in this country do not own homes and therefore exempting duty to the first time owners goes a long way to giving the youth of this country, Government support when it comes to home ownership. I also have to say that I am very happy to have the inclusion of the private quantity surveyors. They will now be eligible to conduct evaluations of the properties. About a month ago, I got a delegation of quantity surveyors requesting me to initiate the process of amendment of the law that pertains to valuation. I had written to the Speaker seeking to amend the law that pertains to the valuation of our properties. This will hasten the process of home ownership and cut down the process and the time lags that are usually found in the process.

On the income tax laws, I am elated because clearly our country is descending into very deep abyss when it comes to gambling. Most of the young people in our constituencies nowadays engage in the kind of gambling that is worrying. We are instituting the income on the winnings from gambling at about 25 per cent. I would actually seek that progressively we bring this percentage higher. We cannot have a country where people engage in activities where they earn money without engaging in any kind of production. Gambling is one of those vices. Gambling has also seen insecurity rising in our villages and estates. When you gamble what you have and it goes to these gambling and betting companies, you have to keep on gambling because it is very addictive. You will want to have more money to put on the same cycle. Since you are not engaged in any kind of production, the easier way it to engage in crime to get these monies.

Hon. Temporary Deputy Speaker, having contributed on the supply side and the revenue side of the money that the Government raises, I am sure the country's biggest worry is on the expenditure side. We can collect as much money as possible, but if this money gets so many loopholes on where it disappears, then overtaxing the Kenyan people will be futile. One of the issues we must deal with as we collect more money is the issue of debts. Once you collect money, it is stolen then the country goes to other avenues of raising money which is debt to bridge the gap. As I stand here today, Kenya is number five in terms of the most indebted countries in Africa. We are now in the same bracket of countries like Mozambique which is around 115 per cent debt to GDP ratio. Egypt is at 96 per cent and Gabon is at seven per cent. Kenya is at 60 per cent and our appetite is still growing day by day.

On corruption, we have to bite the bullet. We cannot keep on talking about the same thing over and over again. It will interest the Kenyan people and even this House that personally as a Member of Parliament I have already written to the Speaker and he has given me enough personnel to draft changes in the laws that fight corruption and graft in this country. One of the things that we are going to institute is something that happened in China on Monday of a gentleman called Zhang.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Nyoro, are you discussing the proposals that you intend to bring on the Floor?

**Hon. Samson Nyoro** (Kiharu, JP): I am talking about revenues on public money and therefore corruption.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Okay, proceed.

**Hon. Samson Nyoro** (Kiharu, JP): When I talk about corruption, there is something interesting that happened on Monday in China. A fellow who is a former deputy mayor was condemned to death and all his properties were reverted back to the Government when he was found guilty of having received bribes. Therefore, we need more punitive measures so that this appetite for corruption and impunity will be abated. I am saying so because nowadays even as we talk about taxes, we also have to talk about protecting the same money. Nowadays, the youth of this country would rather take a certificate or a diploma in procurement rather than courses that will help this country. They know once you get a diploma in procurement, you will get a job in any Government entity of course you will become a millionaire overnight. We have to seal all the corruption loopholes that our monies vanish to.

Lastly, just like voting where it is one man one vote, taxation is about one man, one shilling. In the distribution of the same taxes that we are receiving, the people who give the most get the least. The people who give the least get the most. We have to sit down as a country, especially as leaders and stop this nonsense of punishing the same people who pay high taxes and receive the least when it comes to sharing the national cake. I am talking as a Member of Parliament where we have the most taxpayers. I suppose I have the population and the higher revenues that are collected by the Exchequer. I come from a constituency of about 300,000 people in population and over 120,000 are voters. But when it comes to receiving NG-CDF in my constituency or my county of Murang'a receiving public money for development, we receive less money than some of the counties. Some of the constituencies have less population and therefore less in terms of taxpayers and less in terms of the money the Government receives. We have to look at equitability formula of this country so that we can keep putting more catalyst on people who generate more and not punish them. If, for example, a certain belt is known for generating enough revenue because of the stimulated economic endeavours, it will only benefit the country if we support those belts and those areas so that the country can ultimately benefit by having more revenue.

I want to implore the National Treasury to widen the net. We see them casting the net deeper instead of the casting the net wider. They continue taxing more where it is being taxed. There is a huge population of over 65 per cent of informal sector of this country that KRA has found almost impossible to tax. They need to have more foresight and bring a lot of technology in terms of collecting taxes so that we can cast the net wider to the people who do not pay taxes instead of digging deeper.

Lastly, the amendments that will be posted by the Departmental Committee on Finance and National Planning is very timely so that we do not punish the people who manufacture drugs because if we say we are zero-rating other than exempting, of course the monies that they get from KRA will be passed over to the consumers and the customers who are already overburdened.

With those many remarks, I support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Ndindi, obviously you have not taken to heart the Robin Hood principle that the CS for National Treasury was

proposing to use, so that those who have more are taxed a little more so that those who do not have are also taken care of. But your contributions are well taken and noted.

We shall have Hon. Wambugu Munene, Member for Kirinyaga Central.

**Hon. John Wambugu** (Kirinyaga Central, JP): Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity to also add my voice. At the outset, I do support the proposed Bill, more so about the Stamp Duty Act to waive stamp duty on the first home owners. We all know that every Kenyan wants to own a home. It is timely, though a drop in the ocean because we know how expensive properties are in Kenya. But a waiver of 4 per cent or 2 per cent, as the case may be, is timely. My only issue is that we are talking about first-time home owners and my view is that there are Kenyans who opt to put up homes. They buy plots and then construct buildings. The exemption should also be extended to them so that if you are buying a plot with the intention of putting up a home, and it is your first home, you should also enjoy this tax waiver.

We also need to be very careful on how this exemption is going to be implemented. You may be a first-time home owner and you want to buy a house worth about Kshs100 million. To me, you are not a poor person. Even if you own a home for the first time, the value of the house you are buying really shows that you are a man of means and there should be no exemption. That is food for thought as we go forward. Also, we should not open another window for cartels, the people who thrive on corruption, to use this tax incentive and avoid paying duty in the guise that they are buying their first homes.

On the issue of gambling, the introduction of 20 per cent tax on people who win betting, lottery and gaming, that is also very timely. It is my view that gambling should be discouraged. When you earn some money from gambling, it is like any person who has earned money from maybe giving some services. So once you get this windfall, it should be taxed so that you also contribute to the economy of the country.

Further, even as we talk about introducing these taxes so that the country can make more money, we must be alive to the fact that gambling is not supposed to be devolved to every corner of this country. It should be well controlled because it should be a game for the well-to-do. If you allow every person to be able to gamble in our small villages, that even a school-going kid can gamble, because we have made gambling machines available at the local level that is very bad for the country. We will be encouraging our youth not to work or study hard because they will think you can make it through a windfall from gambling.

About the VAT, it was explained by the chair of the finance committee that they are going to push for amendments to ensure that whatever is being proposed to be exempted and was zero-rated before should remain exempted. As it was explained, when you exempt, the cost of that item invariably goes high.

With those few remarks, td, I support. Thank you.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Osotsi.

**Hon. Godfrey Osotsi** (Nominated, ANC): Thank you, Hon. Temporary Deputy Speaker, for an opportunity to contribute to this very important Bill. I support this Bill, but I have a few issues to raise. The first is, it is a good idea to exempt first-time house owners from paying stamp duty, but again this Bill needs to define who a first-time owner is. If it is not properly defined, it is possible that this provision can be misused so that even people who owned houses before could still benefit from this provision.

Whereas it is a good thing to provide tax exempt to the first-time home owners, who are mainly young people who want to have houses, it should also be very easy for new home owners

to get this property. We know in this country the process of valuation, especially for stamp duty, is very lengthy. The Stamp Duty Act under section 10(a) provides that only the Chief Government Valuer or his officers who I am told are not more than 44 are allowed to do valuation for stamp duty. We have so many other highly qualified private valuers out there. This section of the law should be amended so that this new provision of exempting first-time house owners from stamp duty can make sense. Otherwise it is going to take long, especially with the expected backlog and it will not be useful at all.

This Bill talks about the Big Four Agenda, especially manufacturing and healthcare, but it contradicts when it says that pharmaceuticals are going to pay higher taxes. That means pharmaceutical industries, which provide medicine to healthcare, are going to have higher cost of producing those medicines. So it beats the purpose of talking about the Big Four when the cost of healthcare is going to go up. At the same time, it also beats logic of talking about enhancing manufacturing when you are going to charge them more.

On the issue of betting, most Members have talked against betting, but I want to say, as Hon. Moi and another Member said, betting is not bad. It is a consequence of what is happening in our society. So we should not condemn betting wholesomely. We should find ways of dealing with betting problems. The betting problem is not unique to Kenya; it has been there in other countries, but they have managed to deal with it. In the morning, we were talking about having sports academies across the country and we said some of the monies that come from this should be invested in activities or projects to empower the youth, so that even as they bet they are taxed and that money is used to enhance their livelihoods through other activities.

There is a tax of 20 per cent on betting winnings, but I think this law needs to be very clear what a winning is. Is a winning the income that you get from the betting or it is the net benefit you get? Because the person who is betting has spent some money before he gets that winning. So we need to have a net figure for betting. So the definition of winning should be reviewed to ensure that whatever losses one got are also captured in the taxation.

This law also talks about commercial vehicles but the definition it puts on commercial vehicles contradicts the definition in the Traffic Act. So, this can become a problem as we try to implement this provision.

The exception of Liquefied Petroleum Gas (LPG) from taxation is also a matter that needs to be looked at. Many homes are using LPG for their energy and the moment we tax LPG highly, it means we will still continue having challenges with our environment because people will revert back to Kerosene, which is not environmental friendly. We need to support the use of clean energy by ensuring that the taxation on LPG remains as it is now.

With those few remarks, I beg to support this Bill.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Member for Tigania West.

**Hon. John Mutunga** (Tigania West, JP): Thank you, Hon. Temporary Deputy Speaker, for giving me the opportunity to contribute to this Motion.

The Committee on Finance and National Planning brought this Motion and clearly stated that they would bring in some amendments especially on the VAT Act. I support the amendments, if they are going to look at the winners and the losers. Income Tax needs to be collected from entities which can give us money, including betting companies. Sometime back, betting companies frustrated this country. Some of them were supposed to have supported some events in some country but because of an increase in taxation, they withdrew their support. I would like to beg our authorities to be careful and exercise caution when planning for our

athletes or events so that we do not fall into a similar situation. There is a proposal to increase taxation on LPG, and therefore making the gas expensive. Sixty-eight per cent of the energy used as fuel in this country is wood. As a country, we would like to undertake afforestation to increase our forest cover to 10 per cent of our land mass. Increasing taxation on LPG would be going against our objectives because many people will revert back to wood fuel since LPG will become expensive.

Reducing stamp duty, especially for the special economic zones, is a positive move because it will facilitate industrialisation and manufacturing. On the issue of removing of stamp duty for first-time home owners, I join my colleagues in asking that we try and come up with a clear definition of who a first-time home owner is. In this country, there are people who always look for opportunities to benefit or possibilities to create an opportunity to steal. We need to be very clear on who first-time home owners are, what categories we are coming up with, whom we consider to be young enough, and whether are talking about young people in terms of number of years one has been in service or one's age? There are many factors we need to look at.

Coming to VAT, the devil is in the details. Issues have been brought to this House concerning medicines. There are people who are on terminal diseases, which have to be treated throughout one's lifespan. Some industries have to buy raw materials from sources where they must pay VAT. If we put them under the category of tax exemption, the manufacturers will load the cost of VAT to the product price and transfer it to consumers. The cost of goods will be high. Therefore, I would like to propose that when it comes to revision of this particular clause, we need to be very careful not to move those commodities or services to the tax exempt category. Doing so will affect our people as commodities will become very costly for them.

As a country, we are losing direction. We are becoming a gambling country. This country has people everywhere engaged in gambling. I do not want to believe that it is because they have nothing to do or it is because of joblessness. I do not consider gambling a job. I believe people engage themselves more in gambling than in working or seeking for jobs. We ought to look at ways of engaging the greater population of this country in productive work that will contribute to nation building.

The other reason why I am saying we are losing focus is the inclination on the courses that are being preferred by our young generation in colleges. Some hon. members have said that some young people would prefer to go for Diploma in Information, Communication and Technology (ICT), Procurement or Business Management because they believe that is the easiest route to getting money. This money is not hard-earned as probably you and I earn ours. It is money that would be got using dubious means. They have realised that the greatest property owners are somehow engaged with the Government, working with the Government, for the Government or having contracts with the Government. They have put up very serious investments. I want to assure you that if you follow closely, you will realise that they do not have as huge loans as those investments may indicate. If you look at their sources of income, you will realise that they cannot account for their wealth. That is why lifestyle audit is important. All of us need to embrace it. I would rather we start with our own selves, as MPs to be known exactly where we stand so that when we stand in this House of honour, we can speak with due conviction that we are saying things that should be done by everybody, and not trying to cleanse ourselves out of the same.

The third reason why I say we are losing direction is because of our inclination to rehabilitation most of the time. We are in situations created by stealing. We have been bailing

out Uchumi Supermarket, some of the coffee sector investments, the sugar sector and all that. We have become a bailing-out country as the national debt increases.

The fourth reason is the increased levels of corruption, which are very high and entrenched in most parts of this country, and in all sectors. As I said, you will realise that most of the rich people in this country are civil servants. We know their salaries and they do not have huge loans as we would expect. That ill-gotten money would probably have been used to fix a bridge or build a road or set up a hospital somewhere, or it would have been used to do something else that would have been more useful to this country.

As I wind up, I would like to mention one thing about the Big Four Agenda of President Uhuru Kenyatta. Since we are having a problem with corruption, it is time we asked ourselves, as MPs: As we put money into the Big Four Agenda, where is the monster called corruption lodged? Corruption comes in during the planning of events; that is when money is provided for looting. Looking at what has been set aside to support investment in food security, manufacturing and construction of houses, we should be asking ourselves how much money has actually been allocated to corruption. During the implementation of the Big Four Agenda programmes, a lot of money will be reaped from the public coffers. We know that people get involved in Government projects with intent to make money out of them. They prefer projects that will be easier to get money from than those that will help to develop Kenyans or support the poor people get out of poverty.

Finally, I have just been wondering how much tax education we conduct in this country. We are talking about things that Kenyans do not understand. When the Cabinet Secretary for the National Treasury makes a statement in this House, how much public education do we do in terms of implication, especially when he reads a policy statement like the Budget? Budget process means a lot to all Kenyans. It is very important to have a way to make sure that Kenyans understand exactly what these things mean. We talk about zero-rating, exemption and supporting income tax. We need to have a way of reaching out to Kenyans to make sure that they understand. If you give somebody from where I come from a job, he or she will not want to pay Pay As You Earn (PAYE) because they have never been told that you discuss gross salaries. We need to have this education, so that our people can understand.

I support the Bill, Hon. Temporary Deputy Speaker. Thank you.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Shinali.

**Hon. Benard Shinali** (Ikolomani, JP): Thank you, Hon. Temporary Deputy Speaker, for giving me this chance to contribute on the Tax Laws (Amendment) Bill.

I will start by urging those people in authorities and departments that collect taxes to make sure that they do not favour big taxpayers. We have goods which come to the country through Mombasa Port and other ports in Kenya. We wonder how so many tonnes of maize and sugar can come in the country, when we have such authorities that should check them and collect taxes. When you allow large quantities of commodities to be brought to the country and then they are mixed or repackaged and sold to Kenyans as if tax was collected from them, you are already stealing from the country. The taxes which would have been collected are lost already in that exercise. I come from the sugar belt area. Sugar farmers are taxed heavily. We have sugar levy that farmers pay. When this sugar is imported, it is brought in tax free which means that we are killing the same industries that we should support to grow.

As I speak on first home owners, I suggest that we put a cap on the value of the house. It should be exempted to certain amount and given time within which the first home owners can dispose of the house. If they dispose of before the time elapses, then they are supposed to pay

taxes because this is supposed to help them own a home. It is a welcome move because owning a home is a milestone in this country because of land speculation and the taxes imposed before building a house. The National Construction Authority (NCA) imposes taxes. The President had to intervene because it was impossible to construct a home and even other institutions because you were supposed to pay taxes, even before you start construction.

I want to speak on the lifestyle audit because corruption is the main disease that is eroding our economy. I support the lifestyle audit because it is important. It is supposed to be done fairly without witch hunt, so that each and every one is able to account for what he or she owns and what he or she is going to own. We are respected Members of Parliament. When we walk out there, civil servants laugh at us because they already know that whatever we earn here is all spent but they receive resources. We allocate money to them but it ends up in people's pockets. We want the properties which are acquired through corruption to be given back to the Government. We want the property to be repossessed so that the Government can make use of that money because it belongs to the public. The small men in this country pay taxes because they have no option. They pay them through buying sugar and bread but the trader who is supposed to submit them does not do it.

I want to finish by saying that it is a welcome move to have earnings from betting taxed. Betting is an addictive game. It is now found in villages. Betting has to be controlled in most areas. Betting machines are distributed almost everywhere. The proximity of betting machines from schools should be clearly put in regulations so that students should not go to bet. Many homes are broken in our villages because there is no control over betting. We have resorted to collecting back the machines. If possible, we should destroy them because there are no owners. We do not have a clear understanding of how these machines are placed.

Two, who licenses the machines which are distributed anyhowly? We cannot run away from betting because it is a game which is all over the world. However, it must be controlled. When we passed the Budget estimates, the taxation on betting was lowered to 15 per cent. The betting companies had suggested that they are able to pay 35 per cent. We wonder why such a move can be taken at this time when the World Cup is there and a lot of betting is happening. This has to be investigated because the Government will lose 20 per cent of revenue during this period when we have the World Cup because betting will be high.

I would like to conclude by saying that the officials of the Kenya Revenue Authority, Kenya Ports Authority (KPA) and the Customs and Excise Department are the ones who are given the powers and duty to collect taxes. The lifestyle audit should be conducted on them first because that is where the money is and corruption starts. Now, this encourages other people when they see someone who has been recently employed suddenly becoming rich. This has brought competition in Kenya because the richer you become the more you are respected. We want this behaviour to stop. I want to end there because my time is over.

Thank you, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): I will direct that the Mover replies but he donates some time to two members who are in the House; Hon. Wamuchomba and Hon. Rono Kipkogei so that we can bring this to a close.

**Hon. Joseph Limo** (Kipkelion East, JP): Thank you, Hon. Temporary Deputy Speaker. Before I reply, I would like to donate to the Hon. Member for Keiyo South and for Kiambu one minute each in that order.

**Hon. Daniel Rono** (Keiyo South, JP): Thank you, Hon. Temporary Deputy Speaker and the Chair of the Departmental Committee on Finance and National Planning. I want to emphasis

on the stamp duty tax exemption which has been given. Many people in Kenya have never known what it is to own a house. This is a good move that we must all encourage. For example, most people in Nairobi inherit a house from the county government and think they own it. Their children later realise it was not their house when they are evicted. We should also support local manufacturers and highly tax imported goods especially furniture which is very weak and hardly lasts for a long time.

**Hon. (Ms.) Gathoni Wamuchomba** (Kiambu CWR, JP): Thank you, Hon. Temporary Deputy Speaker for giving me an opportunity to contribute and support this Bill. I stand here to applaud the move of stamp duty tax exemption for first-time home owners. I come from a county where majority of money makers believe in buying plots of 50 by 100, 100 by 100 and so on. Majority of them acquire these plots with the sole intention of building their first homes. I wish this tax exemption would take care of the first-time plot buyers with the sole intention of building their first home. This will encourage many people especially from my county Kiambu to own homes. However, I applaud this suggestion and support the stamp duty tax exemption so that majority of first-time home owners can own houses.

**Hon. Joseph Limo** (Kipkelion East, JP): Thank you, Hon. Temporary Deputy Speaker. I take this opportunity to thank the House for pronouncing itself. You know this is the only time when Kenyans see how the National Assembly contributes by ensuring that the proposals by the President to implement the Big Four Agenda are enhanced by passing laws in this House. This is a very important House. The direction we have taken of amending and passing these laws at the right time will enhance the implementation of the Big Four for the betterment of our country.

With those few remarks, I beg to reply.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Members, for obvious reasons, I direct that we move to the next Order.

## MOTION

### REPORT OF THE COMMITTEE ON DELEGATED LEGISLATION ON THE COMMUNITY LAND REGULATIONS, 2017

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Chairperson.

**Hon. (Ms.) Gladys Boss Shollei** (Uasin Gishu CWR, JP): Thank you, Hon. Temporary Deputy Speaker. I beg to move that this House adopts the Report of the Committee on Delegated Legislation which recommends annulling Regulations 23 and 24 of the Community Land Regulations, 2017.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Chair, kindly just read it as per the Order Paper.

**Hon. (Ms.) Gladys Boss Shollei** (Uasin Gishu CWR, JP): Hon. Temporary Deputy Speaker, I beg to move the following Motion:

THAT, this House adopts the Report of the Committee on Delegated Legislation on its consideration of the Community Land Regulations, 2017, laid on the Table of the House on Thursday, 26<sup>th</sup> April 2018, and pursuant to the provisions of Section 15 of the Statutory Instruments Act and Standing Order 210 (4)(b), annuls Regulations 23 and 24 of the said Regulations.

I beg to move that this House adopts this Report which annuls Regulations 23 and 24 of the Community Land Act. The Select Committee on Delegated Legislation established pursuant

to the provisions of Standing Orders, 2010 has the power to scrutinise statutory instruments submitted to the House, certify and ensure that all the instruments comply with the Constitution of Kenya and are applicable laws.

In exercise of these powers conferred by Section 48 of the Community Land Act, 2016 the Cabinet Secretary Ministry of Lands and Physical Planning published the Community Land Regulations, 2017 on 24<sup>th</sup> November 2017 via Legal Notice No. 279 of 2017. Following this publication the CS in compliance with Section 11 of the Statutory Instruments Act, submitted the Regulations to the Clerk of the National Assembly on 7<sup>th</sup> December 2017. The National Assembly immediately committed these Regulations to the Committee on Delegated Legislation.

The purpose of the Community Land Act, 2016 is to provide for the recognition, protection and registration of community land rights. It also provides for the management and administration of community land and further sets out the role of county governments in relation to unregistered community land.

The Regulations regarding Community Land Act provide further details for procedures of implementing and operationalising that particular Act. It also sets out the procedure for settlements of dispute relating to Community Land Registration, the procedure for registration of community land by a group of people more specifically group representatives who are interested in registering the land and claiming it. It also provides for the procedure for the finalisation of ongoing adjudication programmes as provided in the Land Act.

The Committee considered the Regulations in various sittings and also on 13<sup>th</sup> April 2018 it held a meeting with the regulatory-making authority that is the Ministry of Lands and Physical Planning as required by Section 16 of the Statutory Instruments Act. Upon considering the Regulations the Committee found they generally complied with all the relevant considerations contained in Section 13 of the Statutory Instruments Act and for that we must commend the CS in the Ministry of Lands. However there was a problem with Regulations 23 and 24 which the Committee resolved should be annulled because they offend Section 13...

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Madam Chairperson, allow me to interrupt you.

**Hon. (Ms.) Gladys Boss Shollei** (Uasin Gishu CWR, JP): Yes.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): You actually have an hour to move your Report and you have just used five minutes, but we have reached our time to call it a day. So, you still have 55 minutes when this matter is again set down. You will be able to use that time.

## ADJOURNMENT

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): The time being 7.00 p.m., this House stands adjourned until Thursday, 21<sup>st</sup> June 2018 at 2.30 p.m.

The House rose at 7.00 p.m.