

PARLIAMENT OF KENYA**THE NATIONAL ASSEMBLY****THE HANSARD**

Thursday, 18th June 2020

The House met at 2.30 p.m.

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

PRAYERS**COMMUNICATION FROM THE CHAIR**

Hon. Speaker: We will come to it later.

PETITION**MAPPING, DEMARCATION AND DEGAZETTEMMENT OF LAND WITHIN KODERA FOREST**

Hon. Speaker: The Member for Kasipul, Hon. Ongondo.

Hon. Charles Ongondo (Kasipul, ODM): Thank you, Hon. Speaker. I wish to present Public Petition No.13 of 2020 regarding mapping, demarcation and degazettement of land within Kodera Forest in Kasipul for the settlement of the community living along God Agulu and Lidha Beats.

I, the UNDERSIGNED, on behalf of the residents of God Agulu and Lidha Beats within Kodera Forest Zone in Kasipul Constituency, Homa Bay County, wish to draw the attention of the House to the following:

1. THAT, Article 27 of the Constitution provides that every person is equal before the law and has equal protection and benefit of the law;
2. THAT, Article 61(1) of the Constitution provides that all land in Kenya belongs to the people of Kenya collectively as a nation, as communities and as individuals;
3. THAT, in 1950, following an outbreak of a skin disease and river blindness caused by unknown insects living in Kodera Forest affected many people living along Awach River, the then South Nyanza County Council engaged residents and agreed that they vacate the land, allow the trees along River Awach to be cut down and the region be sprayed with insecticides so as to kill the deadly insects;
4. THAT, prior to vacation of the land, representatives of the affected community and the then South Nyanza County Council agreed on the boundaries of the land to be vacated by the people and in 1956 the Council cut down indigenous trees at God Agulu and Lidha Beats and planted exotic trees believed to contain poison against the deadly insects;

5. THAT, in breach of the agreement on the boundaries for forest land and settlement as was agreed upon in 1950, the South Nyanza County Council planted trees well beyond the area vacated for forest cover and stretched into land that had been reserved for settlement of the community;
6. THAT, according to records at the Lands Registry, Koderia Forest covers an area of 1,715 acres and the community is claiming 10,100 acres of unplanted zone of land in God Agulu and Lidha Beats within Koderia Forest;
7. THAT, contrary to Article 40 of the Constitution, the Kenya Forest Services established its offices on the disputed section of the land and proceeded to plant exotic trees thereby denying members of the community their inalienable right to ownership and occupation of ancestral land in God Agulu and Lidha Beats;
8. THAT, from 1957 to date, attempts by the community, through its representatives, to engage the administration, including the then South Nyanza and Homa Bay County councils, the Kenya Forest Services and the Ministry of Lands through correspondences and visits to the said offices to resolve the dispute have never been successful;
9. THAT, the issues presented in this Petition are not pending before any court of law, constitutional or legal body;

THEREFORE, your humble Petitioners pray that the National Assembly through the Departmental Committee on Environment and Natural resources-

- (i) investigates with a view to resolve the issues relating to allocation of land located in God Agulu Beat and Lidha Beat within Koderia Forest.
- (ii) recommends that pursuant to Section 34 of the Forest Conservation and Management Act, 2016, the Cabinet Secretary responsible for environment initiates the process of de-gazetting 10,100 acres of land in God Agulu Beat and Lidha Beat within Koderia Forest, with a view to allocating that land to the community living along God Agulu Beat and Lidha Beat in Kasipul.

And your PETITIONERS will forever pray. Thank you.

Hon. Speaker: Well, the Petition is referred to the Departmental Committee on Environment and Natural Resources to deal with it in terms of Standing Orders No.226 and 227. Let us move on to the next Order.

PAPERS LAID

Hon. Speaker: Is there anything from the Leader of the Majority Party?

Hon. Aden Duale (Garissa Township, JP): No, Hon. Speaker.

Hon. Speaker: There was an indication that there were some documents.

Hon. Joseph Limo (Kipkelion East, JP): Hon. Speaker, I beg to lay the following Paper on the Table of the House:

Report of the Departmental Committee on Finance and National Planning on its consideration of the Finance Bill (National Assembly Bill No.10 of 2020).

Thank you, Hon. Speaker.

Hon. Speaker: Very well. The Leader of the Majority Party, you have the Floor.

Hon. Aden Duale (Garissa Township, JP): Hon. Speaker, I beg to lay the following Paper:

Annual Status Report on Water, Sanitation and Irrigation from the Ministry of Water, Sanitation and Irrigation pursuant to Article 153(4)(a) and (b) of the Constitution. It should be referred to the Departmental Committee on Environment and Natural Resources.

Thank you, Hon. Speaker.

Hon. Speaker: Very well, it is accordingly referred. Chair of Committee on Health or Member of the Committee.

Hon. (Ms) Mercy Wanjiku (Kasarani, JP): Hon. Speaker, on behalf of the Chair of the Committee on Health, I beg to lay the following Papers on the Table of the House:

Report of the Health Committee on its Consideration of –

- (i) The Health (Amendment) Bill, 2019; and,
- (ii) The Cancer Prevention (Amendment) Bill, 2019.

Thank you, Hon. Speaker.

Hon. Speaker: Very well, let us have Hon. Limo. Are there Notices of Motions? There is none. Leader of Majority Party, are you tabling the report? Very well. Later on.

Next Order.

QUESTIONS BY PRIVATE NOTICE

Question No.006/2020

RESTORATION OF POWER IN PATE ISLAND

Hon. (Ms.) Ruweida Obo (Lamu CWR, JP): Thank you, Hon. Speaker for giving me an opportunity to ask the Cabinet Secretary for Energy the following Question:

- (i) What steps has the Ministry taken to restore power in Pate Island of Lamu County, which has been without power since 16th June 2020?
- (ii) When is the Ministry replacing the three non-functional power generators that serve the Island and put in place a long-term solution to the power supply in the Island?
- (iii) Could the Ministry consider compensating households in Pate Island for the loss of electrical gadgets and equipment, medical drugs and foodstuffs as a result of lack of electricity?

Thank you, Hon. Speaker.

Hon Speaker: Is the Chairman of the Departmental Committee on Energy, Communication and Information in the House? This is a Question by Private Notice and should be responded to by Tuesday. You can see the nature of the issues raised. Since the Chairman is not present, it will go through the Leader of the Majority Party. Next is an Ordinary Question by the Member for Kasipul, Hon. Were.

Question No.059/2020

IMPLEMENTATION OF GAZETTE NOTICE NO.5853 ON ESTABLISHMENT OF SUB-LOCATIONS IN NYALENDA LOCATION

Hon. Charles Ong'ondo (Kasipul, ODM): Hon. Speaker, I beg to ask the Cabinet Secretary for Interior and Coordination of National Government the following Questions:

Disclaimer: *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor.*

- (i) Is the Cabinet Secretary aware that Oyugis Town Location in Kasipul Constituency has a chief with no substantive assistant chief and sub-location as envisaged in its administrative structure of having a sub-location considering the huge population in Oyugis Town?
- (ii) Could the Cabinet Secretary provide a status report on implementation of Kenya Gazette Notice No.5853 of 21st June 2017 on the establishment of the following sub-locations in Nyalenda Location: Nyalenda West, Nyalenda East, Kaluoch, Nyanjwa, Kachieng South, Kagola Kasire Kogelo and Kopiyo Kalanding sub-locations as administrative and service delivery coordination units in Kasipul Constituency?
- (iii) What steps has the Ministry taken to ensure that personnel are substantively appointed to the administrative units and staffed to ensure stability and security within the constituency?
- (iv) When will the Ministry provide a vehicle to Kosele Police Station, which covers Rachuonyo South Divisional Headquarters in Kasipul Constituency, for their operation considering that lack of transport for movement of security equipment and personnel adversely hinders service and emergency service delivery?

I thank you, Hon. Speaker.

Hon. Speaker: The Question is referred to the Departmental Committee on Administration and National Security to get a response for the Member.

Since I do not see the Chair of that Committee in the House, the request should be forwarded through the Office of the Leader of the Majority Party.

The Questions by Hon. Olago Aluoch, Member for Kisumu West Constituency, and Hon. Christopher Nakuleu, Member for Turkana North, are deferred at the Members' requests.

Question No.064/2020

OPERATIONALIZATION OF ADMINISTRATIVE
UNITS IN KISUMU WEST CONSTITUENCY

(Question deferred)

Question No.067/2020

INCREASED CROCODILE ATTACKS ALONG LAKE TURKANA

(Question deferred)

REQUESTS FOR STATEMENTS

MISMANAGEMENT AT KENYA UTALII COLLEGE

Hon. Tom Odege (Nyatike, ODM): Hon. Speaker, pursuant to Standing Order No.44(2) (c), I wish to request for a Statement from the Chairperson of the Departmental Committee on Sports, Culture and Tourism regarding mismanagement and gross malpractices at the Kenya Utalii College.

Disclaimer: *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor.*

Hon. Speaker, I am concerned about various incidents that border on graft and malpractices by the management of Kenya Utalii College. Further, the management has proposed to make Utalii Hotel an independent entity from the College despite the fact that Utalii Hotel was established primarily for training and attachment of students taking hospitality courses.

Secondly, the College management has breached the institution's intellectual property rights by engaging Rwandan hospitality to undertake curriculum consultancy for Rwanda Polytechnic, leading to a loss of Kshs44 million.

Thirdly, procurement laws were not adhered to during the College's Navision ERP upgrade project and, fourthly, 64 acres of beach land has been illegally allocated to private developers.

Hon. Speaker, it is against this background that I seek a Statement from the Chairperson, Departmental Committee on Sports, Culture and Tourism to address on the following:

- (i) What is the rationale behind the illegal proposal to hive off Utalii Hotel from the Kenya Utalii College and making it an independent identity?
- (ii) Why did the college management sanction corporate piracy of its intellectual property rights by engaging Rwandan hospitality through GIZ to undertake curriculum consultancy for Rwanda Polytechnic?
- (iii) What is the current ownership status of the 64 acres of beach land given to the college?
- (iv) What is the administrative status of the Ronald Ngala Utalii College (RNUC), and was Kenya Utalii College compensated for the land surrendered to RNUC?
- (v) Explain whether procurement procedures were adhered to during the procurement of the College's Navision ERP upgrade project, computers, server, Wi-Fi access points and board management System (e-Board), and if not, what action was taken?
- (vi) Explain why development expenditure was diverted into recurrent expenditure by the management without approval of the College Council and the National Treasury?
- (vii) Why did the management engage Lausanne Hospitality Consulting of Switzerland in Consulting Management Services without clearance from the Attorney-General and the National Treasury as required of international contracts?

Hon. Speaker, the matters are weighty and I further seek your guidance on the best approach whether the Committee could work out towards getting a response or undertake an inquiry.

I thank you, Hon. Speaker.

Hon. Speaker: Given the issues you have raised in that request, I direct that the Departmental Committee on Sports, Culture and Tourism schedules a meeting in which the various stakeholders notably, the Cabinet Secretary and his team will appear before them. They will invite you and any other Member who may be desirous of being present, so that you can canvass those many issues.

I agree with you the matters you have raised are quite many and weighty. If we just get a Statement from the Cabinet Secretary, it might not necessarily address most of the other side issues you and others would wish to raise. Therefore, the Committee should not just seek a Statement from the Cabinet Secretary, but should conduct a hearing and invite you. This is because those issues are too many. I am sure there could be several Members who may have issues they could wish to contribute. So, the Committee should not just bring a Statement, but a report to the House.

Next request is by the Member for Kajiado Central, Hon. Memusi Kanchory. Could he be in the other holding areas? Serjeant-at-Arms, there are many empty seats. If there are Members out there, tell them to come in. We cannot wait for people forever. Tell Members who are interested to come into the Chamber. Hon. Memusi Kanchory.

The next request is by the Member for Nandi Hills, Hon. Alfred Keter.

INSPECTION AND CERTIFICATION OF ANIMAL FEEDS

Hon. Alfred Keter (Nandi Hills, JP): Thank you, Hon. Speaker. Pursuant to Standing Order 44(2) (c), I wish to request for a Statement from the Chairperson, Departmental Committee on Trade, Industry and Cooperatives on inspection and certification of animal feeds sold locally.

Hon. Speaker, On Tuesday, 11th June 2020, a farmer from Emurua Dikirr Constituency by the name Hon. Ngeno Johana Kipyegon, reported the sudden death of a herd of 22 dairy cows. The farmer reported to have fed the animals with a product which is a supplement called RUMATE that is an imported product manufactured by Agritech Company (an Irish Company). The product is distributed by Geneplus Company in the country. It was noted that only the herd of 22 cattle that fed on the product died. Consequently, a post-mortem was conducted by Transmara East Sub County Veterinary Officer and the report indicated that the cattle died of suspected urea poisoning.

Hon. Speaker, it is on this background that I seek a Statement from the Chairperson Departmental Committee on Trade, Industry and Cooperatives on the following:

- (i) What measures are in place to ensure that all imported animal feeds sold locally are subjected to inspection and certification by the relevant bodies and institutions to guarantee biosafety?
- (ii) Is the product RUMATE inspected and certified to be sold locally and what other imported animal feeds are certified for sale in the country?
- (iii) What other animal products or feeds does Geneplus Company distribute and are they licensed and certified?
- (iv) What measures has the Government put in place to ensure that ingredients or components in animal feeds are proportionately composed in a manner that they are not only effective, but also safe for animal consumption?
- (v) In the event of possibility of such counterfeit products sold in our markets to consumers, what are the measures put in place to mitigate the losses incurred by consumers?
- (vi) What measures has the Government put in place to ensure that products subjected to standards of conformity at the country of origin are also subjected to the Kenya Bureau of Standards (KEBS) inspection and certification on entry to the local market to ensure safety?

Hon. Speaker: The Chairman Departmental Committee on Trade, Industry and Cooperatives. But before I give you a chance because it mentions the Member for Emurua Dikirr, let me give him a chance to say something.

Hon. Kipyegon Ng'eno (Emurua Dikirr, KANU): Thank you, Hon. Speaker. I wish to state clearly that as a farmer, what happened in my farm was extremely devastating. I lost 22 dairy cows in a span of between five to 10 minutes. This is not something that happened in a day or two. This was because of some feeds recommended by the companies manufacturing and selling them.

The procedure used to administer the product to the animals was followed to the letter. Unfortunately, I lost such a big herd. I would like to state, as my colleague has said, that the products imported into this country should go through serious scrutiny and KEBS should seriously inspect such products. When I looked at how it killed the animals, which are milked and sometimes we consume their meat, I wondered if the animals survived what would have been the effect to the consumers of that milk and meat.

So, KEBS and the Ministry of Industry, Trade and Cooperatives should look at the composition of components being sold to farmers in form of food or feedstuff. I also want to request that the product which is seemingly new in the market...

Hon. Speaker: I did not want you to debate anything.

Hon. Kipyegon Ngeno (Emurua Dikirr, KANU): Hon. Speaker, I am not debating, but raising a request.

Hon. Speaker: You know I do not deal with such things. So, it will be unnecessary for me to know what milk you drink. But I sympathise with you. No wonder I have been seeing you very silent because you lost such a large herd. I think the Chair is here and has heard what you and Hon. Alfred Keter have said.

Indeed, the Chair of the Departmental Committee on Trade, Industry and Cooperatives, I think this is a matter again just like the other one, that requires not just a Statement. It may require that you invite the relevant people to a committee sitting, so that Hon. Johana Ng'eno, Hon. Alfred Keter and other Members who may be desirous, can also be there to engage with those who are responsible for permitting this kind of foodstuffs and the rest. I think it is the kind of thing that for us to do justice to the House and actually to the farmers, we do not just need a Statement that has been written by somebody and then the Chair comes and reads it out here. I think it will be necessary that there is proper engagement between, if it is KEBS and whoever else is involved, so that by the time the Chair comes to the House, he is bringing a report that has really been interrogated by Members.

Indeed, I would want to encourage as many Members as possible to also attend that hearing. The Chair can notify them through the usual means. Let us have Hon. Kanini Kega.

Hon. Kanini Kega (Kieni, JP): Thank you, Hon. Speaker. Indeed, this is a very serious issue and we were proactive. We wrote a letter to KEBS on Tuesday and they are supposed to appear before us on Wednesday next week. We are extending a word of invitation to both Hon. Ng'eno and Hon. Keter. In fact, yesterday we invited them. They happened to pass by where we had KEBS officials and we gave them an opportunity.

It is a serious issue. We were supposed to get a report by Wednesday next week, but now because of the other supplementary questions, I think two weeks would be sufficient for us to give a comprehensive report.

Hon. Speaker: So, Hon. Keter and Hon. Johana Ng'eno, I think it will be important for you to attend that meeting on Wednesday next week. I would really request that also as many Members as possible appear on Wednesday since the House does not sit on Wednesdays, so that you can interrogate the various responses that will come from those officials. We do not need to debate it further. I see Member No.001. Of course, I know because we mentioned milk, he is excited.

(Laughter)

Please, attend that meeting. They will now explain so that you do not suffer. I know you also have a large herd and Emurua Dikirr is not too far. It is within your county.

Now for the second time, let us have the Member for Kajiado Central, Hon. Memusi Kanchory. The Member has made a request for a Statement and then desires to go to the village. I hope the Member has not come and checked in. I just want to remind Members about Article 103 on how the seat of a Member becomes vacant. If you are away without the written approval of the Speaker, it is only eight sittings for 12 months. I hope the Member for Kajiado Central takes note.

There was a response to be given by the Chairman of the Departmental Committee on Transport, Public Works and Housing, Hon. Pkosing.

Hon. David Pkosing (Pokot South, JP): I thank you, Hon. Speaker. I have two Statements to respond to. They are pretty short. Thank you, for this opportunity.

CONSTRUCTION OF KIBWEZI-KITUI-MIGWANI-MBONDONI ROAD

The first Statement, which I would like to issue is from Hon. Charles Ngusya Nguna, Member for Mwingi West Constituency. He was seeking a Statement on the construction of Kibwezi-Kitui-Migwani-Mbondoni Road, which was commissioned by His Excellency the President in 2017. Specifically, he wanted to know:

- (i) What is the status of the remaining 25 kilometres?
- (ii) Could the Ministry confirm whether the already tarmacked stretch between Kitui Town and Kabati was part of the contract?
- (iii) What measures has the Ministry put in place to ensure that the project will be completed?
- (iv) When is the construction of the road envisaged to be completed?

Hon. Speaker, the response is as follows: The status of the remaining 25 kilometres which is part of the section from Migwani to Mbondoni, which is 36 kilometres, is not included in the current contract of Kibwezi-Kitui-Migwani Road. The scope of the work for the upgrading of Kibwezi-Mutomo-Kitui-Kabati-Migwani Road is attached there. However, the Ministry is saying it plans to include it in Lot II of the Kitui-Mwingi-Kandiwa Road upon availability of funds.

Secondly, as indicated in the item number one, which I have just read, the Ministry goes on to say that it wishes to confirm that the road section between Kitui and Kabati is part of the contract and is included in the scope of works.

Three, the works are being undertaken as an Engineering Procurement Contract (EPC). The contractor is obliged to deliver a given percentage of work to a specific level of quality to be eligible for payment. Further, the Ministry, through KeNHA, has instituted the following measures:

- (a) Engaged the services of a Supervisor Consultant (Resident Engineer) who has a resident team on site monitoring the quality control and compliance of the contractor to know that the road is constructed to the best standards.
- (b) The Project Co-Ordination Implementation Unit under the project engineer undertakes mandatory monthly site inspection to monitor and evaluate the works.

Finally, the project is on schedule and is at 74 per cent physical progress with 153 kilometres out of 190 kilometres having been constructed to bitumen standards.

STATUS OF MOGONGA-KENYENYA-MAGENCHE- EBEREGE-RIOKINDO- MAGENA ROAD

The second Statement which I would like to issue is from our colleague, Hon. (Prof.) Zadoc Ogutu, the Member for Bomachoge Borabu Constituency. He sought the Statement on the following:

- (i) How much funds has the Government utilised out of the funds allocated for the construction of Mogonga-Kenyenya-Magenche-Eberege-Riokindo-Magen Road to bitumen standards since 2016?

- (ii) How much of the funds allocated for the financial years 2016/2017, 2017/2018, 2018/2019, 2019/2020 and 2020/2021 has been disbursed to enable the contractor deliver set targets?
- (iii) How much does the Government intend to use to ensure that the road from Eberege Tea Factory to Kenyeny area remain passable for the transportation of tea leaves to the factories?

The response which I make is as follows:

(i) The Ministry, through KeRRA, has utilised a total of Kshs846,582,709.72 towards the upgrading to bitumen standards of the Mogonga-Kenyeny-Riokindo-Nyabitungwa/Riokindo-Magenche-Kenyeny/Mariba-Nyagancha-Eberege-Daraja/Riokindo-Kenyeny TTC-Magen Road up to date. The details of the payments per year and per month are attached.

(ii) The amount certified for the payment of the contractor is Kshs931,814,552.68 against the actual payment of Kshs846,582,709.72. The annual breakdown of allocation *vis a vis* payment is also attached in this response. The Ministry, through the KERRA will ensure that the contractor for the project, MSQ Construction Limited, follows the laid down instructions as stipulated in the contract.

(iii) The entire road project remains motorable during the construction period as indicated in the scope of works. Accordingly, the contractor has been instructed to maintain Eberege Tea Factory to Kenyeny Town section, so that our farmers can access markets.

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

Hon. Speaker: Is the Member for Mwingi West, Hon. Charles Nguna, present, so that we can give him the first shot, which is to seek any clarification? Member for Bomachoge Borabu, Hon. (Prof.) Zadoc Ogutu, would you wish to seek any clarification from what the Chairman has just said?

Hon. (Prof.) Zadoc Ogutu (Bomachoge Borabu, IND): Thank you, Hon. Speaker, for allowing me to respond to the brief that has been given by the Chair of the Committee. The construction of this road has been very disappointing.

Hon. Speaker: Just before you continue, the Serjeant-at-Arms, let the Members who are withdrawing indicate whether they are going for good - if they are through with the parliamentary work- so that they do not leave empty spaces. I can see there are still some Members who are coming and you are telling them that there is no space. That one appears to be tired already; just find out whether he is going back to Baringo right now, so that he can go. Hon. Joshua Kandie, is it so? Yes, I can see he is already tired, but the House will sit beyond 7.00 p.m. Just find out from them when they are leaving. Let them indicate whether they are going and coming back, so that they do not hold spaces.

Proceed, Hon. (Prof.) Zadoc Ogutu.

Hon. (Prof.) Zadoc Ogutu (Bomachoge Borabu, IND): Thank you, Hon. Speaker. I was saying that the construction of this road has been very disappointing. One is that as I sought to find out the budget versus what has been disbursed so far, that does not reflect what I see on the ground. What I see on the ground is not even 30 per cent of the projected construction. So, I will assume that if the company is less by Kshs85 million, then, I could not be seeing the amount of unfinished work that I see on the ground.

Two, the company has never provided an alternative passage while construction is going on. The reason I have been given informally is that there was no money provided for maintenance, which contradicts the response that the Chair has read that the contractor is meant to follow laid down procedures to ensure that other sections of the road are passable.

Hon. Speaker, the most critical area that we have, which the road was supposed to serve, is the tea factory. It is very disappointing that on two occasions, trucks carrying tea leaves have had to roll on the road and stay up to a maximum of three days in one occasion. So, I do not understand why the company has not been maintaining the other section of the road so far and why the Ministry could now say that they will start ensuring that the road is made passable.

So, it is important - maybe, just like we have in other areas in this republic - that a facility which creates jobs and make farmers earn their living be a priority, in this case, the Eberage Tea Factory. When you have a tea factory that is not working, it makes me ashamed to face the people. I hope the commitment that they are making here is that this road can continue to be done and the contractor is not going to say that it is the National Treasury that is not releasing funds.

Thank you.

Hon. Speaker: Hon. David Pkosing, do you wish to respond? Like I am saying, in most of these requests, I would really want to encourage committees to invite the people responsible to a meeting, and the Members seeking those Statements can be there to interrogate whatever responses. The Chair of the Committee talked about 74 percent while the Member talked about 30 per cent. Obviously, I am sure the Chairman has not been to seeing the road, so, he cannot even respond to that. But if that kind of claim was being made when the officials involved in the construction of the road were present, it would make the work of the chairs of committees and, indeed, the entire House, much easier. I do not know what Hon. David Pkosing is likely to say about the contestation about the percentage of work done.

Hon. David Pkosing.

Hon. David Pkosing (Pokot South, JP): Hon. Speaker, you know these things more than anybody else does, and you have said it very correctly, that there should be some provisions. I sympathise with my colleague, Hon. (Prof.) Zadoc Ogutu, as a colleague who understands what is going on on the ground, because sometimes what we say might not be what is on the ground.

Hon. Speaker, if you allow me, I will make two suggestions. One, Members need to put some of these requests as Questions rather than Statements. A Statement is as it is. I am only going to read it here and finish. But a Question gives us an opportunity to interact with the Cabinet Secretary, call the resident engineer, and bring the Members in the discussion, so that some of these things can be sorted out. So, I am suggesting that Members... I have found in my two years' experience as Chair that there is more interaction in Questions than Statements. If you seek more clarification from me, I will take it to the Ministry to give an answer. It is very dull. I am suggesting that or that you direct, Hon. Speaker, that a Statement like this requires interaction with the Ministry, so that we can take it like a Question and invite the Ministry to interrogate it.

Otherwise, Hon. Speaker, I follow your guidance. But I will suggest that either it is done as a Question or you give a ruling that those who make the Statements must appear before the committees. Those are the people who are involved, as you gave in the other first two.

Thank you.

Hon. Speaker: It is only that there are some situations which require just a simple Statement. For instance, when somebody is asking something from the Attorney-General, Director of Public Prosecution (DPP), Ethics and Anti-Corruption Commission (EACC) or the Judiciary, a simple Statement showing the status of some form of litigation that this is where it has reached. Therefore, there is still space within our Standing Orders and other procedures for Statements, but I can see a trend developing.

If you recall, at the beginning of the 11th Parliament - and I am sure the Leader of the Majority, Leader of Minority and Hon. Robert Mbui and several others will recall - the issues we

were grappling with when a chairman of a committee would read a response and then the Member who had asked the Question would say: “This is the most useless answer I have heard since I was born”. The chairs were almost beginning to get very angry because it would look like they are the ones who are being referred to as incompetent. So, I think it would do good when committees get these requests, they should judge for themselves in order to get to the bottom of the matter, whether there is need to interact with the officials concerned or you would want to just get a written response.

I think Hon. (Prof.) Zadoc Ogutu is right to say that this is not true and that matters on the ground are different. You are also within your right to read what has been given to you. It leaves the House that much worse off. Hon. Ogutu is unable to play his representative role properly and to even oversee KeRRA and the Ministry. I want to encourage committees and committee chairpersons particularly that whenever you get some of those requests, do not be in a hurry to come and give an answer within a week. There are some which will obviously require that you have some serious engagement with the relevant functionaries that the request may be directed to.

It is also unfortunate that the Chairman of the Committee, Hon. Pkosing, has just read what he has been given. I suppose if the Member for Mwingi West was here also, he would have raised similar concerns by way of supplementary questions. Maybe we are lucky that the Member for Mwingi West chose to be absent. It is something that we need to think through.

For the last time, let us have the Member for Kajiado Central, Hon. Kanchory. The Member being absent, I drop the request. That request for a Statement is dropped. He should not raise it again in the next one month. He cannot make a request and then decide to go and get the responses in the village. He wanted the request read out here in Parliament.

(Request for Statement by Hon. Memusi ole Kanchory dropped)

Member for Kathiani, I can see you are burning to say something.

Hon. Robert Mbui (Kathiani, WDM-K): Thank you, Hon. Speaker. It is about this issue of how we are handling Questions and Statements through the Table Office. I request that you advise the Table Office because we sit with them and tell them what our issues are and they sometimes advise us on whether to frame our issues as Questions or Statements. Maybe it is important that they guide us properly.

Secondly is the issue on the Member for Mwingi West. He has just got a response now. He was around the Chamber and maybe he was not even informed that his Question or Statement will be responded to today. It is also important that the Table Office informs Members when their Statements will be responded to so that they are in the Chamber.

Hon. Speaker: If the Member was around the Chamber, I would have seen him. Tom Odege was seated out there and he came when we called out. It just means that his understanding of Chambers is beyond Parliament Road or it is around Uhuru Park. He chose to go and get the response or follow the proceedings from Uhuru Park or the Kenyatta International Conference Centre (KICC) grounds. It is unfortunate. Anyway, he will get the response because it is written.

Leader of the Majority Party, you wanted to say something.

Hon. Aden Duale (Garissa Township, JP): Hon. Speaker, the Chairpersons under this system are more like conveyor belts. They are like the postman. We need to bring Cabinet Secretaries here. Hon. Mbadi will agree with me that ministers used to feel the heat. Members would tell ministers that what they have brought to the House is not true. It was good when ministers were here. I do not want to quote who that was, but I remember one of the Attorney-

Generals who served in the 10th Parliament was one time told by a Member that he was the most incompetent Attorney-General in the Commonwealth after he answered a Question. That Attorney-General has now retired. Every time I meet him, he reminds me of what happened in the 10th Parliament. It is not good to harass chairpersons here. We want CSs here. If the CS was here, the Professor would have told him that what he said was wrong and the Speaker would have directed the CS - because he would be a Member of Parliament - to go to that constituency and verify whether what he was saying is true.

I remember it happened one time when Hon. Chris Obure, the then Minister for Public Works, was asked a Question by Hon. Zakayo Cheruiyot. Hon. Cheruiyot said that the building the Minister was talking about did not exist on the ground. The Speaker directed the Minister to go to the ground. When the Minister came back, he said he was lied to by his technical staff. The Member was right. We are in a catch 22 situation. The Member has been given an answer. I agree it might not be what is on the ground. Next time we get an opportunity to reform the Constitution, at least, 50 per cent of the Cabinet must be Members of Parliament. I have not finished.

(Loud consultations)

Okay, it should be 75 per cent or even all of them. Hon. Cheboi, the Speaker, Hon. Mbadi and Hon. Sophia were in Parliament when ministers were Members of Parliament. You could deal with many things. Government was in Parliament. The Minister for Interior was in Parliament. You would have tea with him and sort out your issue. The Minister for Roads was in Parliament. The Minister for Finance was in Parliament. There was proper accountability.

We have an opportunity as a country. We have seen how a presidential system has worked since 2010. Let us not harass the chairpersons. They are Members of Parliament like you. Even the Speaker's hands are tied. If the CS was here, the Speaker could have directed that before Tuesday, he visits the site and brings an answer to the House. But now the CS is not here. The best route is that when they appear before us at the committee level, we make sure that we are there to interrogate them.

Hon. Speaker: Since committees are supposed to be a microcosm of the plenary, when those Statements come, it may be advisable that chairs invite the Members, so that you go through the Statement with the Member. If the Member at that time tells the chairman of the committee that the answer is not correct or is inadequate in this respect, then at that time the chair and the committee are able to make a decision as to when to invite the relevant functionaries who may be the subject of the requests, so as to minimise the engagement where the Member is busy castigating the chairman who is a mere conduit of some Statement made.

We are all aware of those things which the Leader of the Majority Party said. Even ministers would get those kinds of responses from their own technical staff and when they came here, they would realise that they have been misled. That was also an indication that ministers themselves were so casual and believed that everything they got from their technical staff was gospel truth without first of all knowing that the response had come from somebody who may be desirous of hiding something which was on the ground.

The Member for Bomachoge Borabu has also completed his work. He has taken off. This is the other problem. Members will ask questions and disappear.

Member for Seme, what is your point of order?

Hon. (Dr.) James Nyikal (Seme, ODM): It is not a point of order. Hon. Speaker, I wanted to add how important it is that CSs should be here. I remember the effort that you and the whole

House made at the beginning of the 11th Parliament to get CSs to come to the Chamber. You gave a ruling that you could find a way where they could come into the House and sit in the corner over there.

That is the provision we use to have the Cabinet Secretary for the National Treasury and Planning to read the Budget Estimates in the House. It is just politics that stopped the process. While we wait for the changes in the Constitution to be made, that should be revisited. Politics may have changed and if cabinet secretaries were to come to the House with the knowledge that they are going to sit in one corner in the Chamber and face all the Members, they will be more responsive than now. Before that, I used to prepare Questions for my Minister then who is here and we used to watch him answering the Questions on television. If we noticed that he was stuck, we would prepare a quick response, call the assistant minister to give the minister the answer on the spot. That is something we should not wait to happen, but if possible, let us revisit what we did. One morning we were waiting for the first CS to come, but he did not. It can be done and let us pursue it.

Hon. Speaker, thank you.

Hon. Speaker: That is well noted.

Hon. Alfred Keter (Nandi Hills, JP): On a point of order, Hon. Speaker.

Hon. Speaker: The Member for Nandi Hills, what is your point of order?

Hon. Alfred Keter (Nandi Hills, JP): Thank you, Hon. Speaker. I rise to seek guidance on that. That is a very crucial issue because when Members ask Questions, sometimes, we are forced to change it to a Statement. Although the proposal by Dr. Nyikal tries to cure that, you should make a ruling on the way forward now that it is not like the 10th Parliament and before that where ministers were part of this House. Even if they were to come and just listen from the periphery and not sit in the House, it will be very tricky because they will be just like strangers listening and they would not respond. Hon. Speaker, you should make a ruling on how Statements can be done in a manner that is going to be effective and efficient to ensure that most of the Questions Members raise, at the end of the day, see results because it will lead in most cases to a situation like what we have seen with most Members where a chairman of a committee comes with a Statement that is not satisfactory because the things on the ground are totally different from what the chairman reads.

Thank you, Hon. Speaker.

Hon. Speaker: Hon. Alfred Keter was in the 11th Parliament. Remember a lot of research work went into the proposal that Hon. Nyikal has addressed. This is an issue about the presidential system of governance. Remember in the United States of America, in the House of Representatives, when a proposal was made that cabinet secretaries appear there, the argument by the Members was that the plenary of the House is such a sacred place that it could not be contaminated with non-elected officials.

(Laughter)

So, to avoid that kind of contamination, we made a provision for the CS for the National Treasury and Planning - it is only that he sits very close to me - and avoided the contamination.

(Laughter)

It is one of those things that is work in progress. As we move on, I agree with what Hon. Nyikal has said that let us re-visit these issues.

Hon. John Mbadi, you have the Floor.

Hon. John Mbadi (Suba South, ODM): Hon. Speaker, you have actually said it. As people of this country, we prepared a bed, let us sleep on it. We wanted a presidential system, we have it, so let us live with its shortcomings, so that we may appreciate the need to make some changes to the Constitution. We have tested it, we have tried it now for seven years and it is not working in many aspects including accountability, which is cardinal in any democracy. So, when we approach the time or the period, let us take the opportunity. Although we disagree with Hon. Duale on many things, when it comes to the parliamentary system, we agree with him almost entirely. There are people who do not take time to think through this thing. They talk with emotions, but when they come to the House, they appreciate that the presidential system is not good for our democracy.

We have an opportunity ahead of us. We should not even think of coming up with a way of bringing CSs here. They are strangers who we do not want in this House. Even when the CS for the National Treasury and Planning comes here, we operate more like a committee of the whole House. My view is that those Members who entertain the thought that we can bring CSs here, let us deal with the situation as it is. When there are Questions, let us invite the CSs and Members to be present and deal with it until when we will amend the Constitution. There is no two ways about it. That is one thing I am going to miss because in the 13th Parliament, I see CSs being Members of the National Assembly. I am not going to be a Member of the National Assembly though I really want to be a CS.

(Laughter)

For those of us who are a bit unlucky and not likely to be CSs, we wish well those who will be here. In fact, you will be very powerful people. When we come to you, please, treat us well.

Thank you very much, Hon. Speaker.

Hon. David Gikaria (Nakuru Town East, JP): On a point of order, Hon. Speaker.

Hon. Speaker: The Member for Nakuru Town East, what is your point of order?

Hon. David Gikaria (Nakuru Town East, JP): Thank you, Hon. Speaker. Among the many rulings and guidance that you have made, you have given us a way forward. As we are composed now, there is nothing much we can do other than go with your able guidance. If a request for a Statement is brought before a committee two weeks before it is read on the Floor of the House, we can look at the directives you have given as committees. As a committee, we can also see the grey areas and invite a Member to attend. If there are other questions a Member might want to ask, then he can put them to the concerned CS so that by the time we come to the Floor of the House, most of these issues shall have been addressed.

I agree with what Hon. Mbadi has just said. We made a decision in 2010 and let us live with it until we amend it. We now have an opportunity through the Building Bridges Initiative (BBI) to come up with some changes.

Hon. Speaker, you had made another ruling on who should appear before a committee. You ruled that a committee needs to look at the weight of the matter being requested and decide whether

it is the CS or the Principal Secretary (PS) or the Chief Administrative Secretary (CAS) to address it. We can make a decision on that.

Yesterday, I appeared before the Departmental Committee on Environment and Natural Resources and the CAS said that for the further questions, he was going to ask the CS. The Chair ruled that the CAS could not appear before committees, spend over 30 minutes and then appear to revoke what he had said by saying that he was going to ask the CS. As committees, we need to look at the weight of the matter and decide whether to invite the CS, the PS or the CAS.

Thank you, Hon. Speaker.

Hon. Speaker: Hon. Members, we can now proceed with business. The Member for Mvita, did you have an intervention?

(Hon. Abdullswamad Nassir stood in his place)

Hon. Wario, you have the Floor.

Hon. Ali Wario (Bura, JP): Thank you, Hon. Speaker. I rise to seek your indulgence. I have three brief Statements to make.

Hon. Speaker: Yes, I am being shown now.

Hon. Ali Wario (Bura, JP): Thank you.

Hon. Speaker: Yes, there is a response by Hon. Wario. Please, go ahead.

COMPULSORY LEAVE FOR MR. KEVIN LEWIS SAFARI

Hon. Ali Wario (Bura, JP): Hon. Speaker, the first one is a response to a request for Statement by Hon. Andrew Mwadime, the Member for Mwatate.

On 29th April 2020, Hon. Andrew Mwadime, MP, pursuant to Standing Order No.44 (2)(c), requested for a Statement from the Chairperson of the Departmental Committee on Labour and Social Welfare regarding a compulsory leave order given to Mr. Kevin Lewis Safari by the Commissioner-General of Kenya Revenue Authority (KRA). Specifically, Hon. Mwadime sought information on the following:

- i. What circumstances led to Mr. Lewis Safari being sent home on compulsory leave for 90 days by the Commissioner-General; and,
- ii. When he will get reinstated to work at the station he was before, including payment of his dues.

I have since received a response from the KRA regarding the issues raised by the Hon. Member, which I wish to present.

With regard to the first question, on 3rd April 2020, the Commissioner-General received a letter from the Director of Criminal Investigation (DCI), a copy of the letter which we have attached. According to that letter, Mr. Kevin Lewis Safari was under investigation for several offences. The DCI was requesting the KRA to urgently take administrative action against Mr. Kevin Lewis Safari to mitigate the attendant risk of interfering with evidence, both documentary and electronic as well as key witnesses. The letter by the DCI was presented before the KRA Board on 8th April 2020 for review and direction. Upon deliberation, the Board resolved as follows:

- i. THAT, Mr. Kevin Lewis Safari proceeds on compulsory leave in line with the KRA Code of Conduct to allow the DCI to complete investigations; and,

- ii. THAT, audit be undertaken by KRA's Internal Audit Department to determine whether there was breach of procedures and the KRA Code of Conduct on issues surrounding the gazettelement of the Customs Areas that are the subject of investigation by the DCI.

With regard to the second question on when he will be reinstated to the work and station he was before, including payment of his dues, the KRA Staff Code of Conduct, under Clause 7.4, provides that on receipt of information or complaint against an employee, the employee may be placed on compulsory leave while investigations are carried out to establish the facts of such information or complaint. Compulsory leave will not affect the employee's annual leave. In such circumstances, the employee will remain on paid leave until the facts into the information or complaints are established. If within the control of the Authority, a compulsory leave will not exceed three months.

Thank you, Hon. Speaker.

I have two other very brief Statements, Hon. Speaker.

Hon. Speaker: Please, give them also so that I can ask the Members to respond. Give me those two.

NON-PAYMENT OF YOUTHS ENGAGED BY GOVERNMENT THROUGH NATIONAL HYGIENE PROGRAMME

Hon. Ali Wario (Bura, JP): Hon. Speaker, next is a response to a request for Statement by Hon. Abdullswamad Nassir, the Member for Mvita.

On 4th June 2020, Hon. Abdullswamad Nassir, pursuant to Standing Order No.44(2)(c), requested for a Statement from the Chairperson of the Departmental Committee on Labour and Social Welfare regarding non-payment of youths engaged by the Government under the National Hygiene Programme also referred to as *Kazi Mtaani*. Specifically, Hon. Abdullswamad sought information on the following:

- i. whether the Cabinet Secretary could explain why youths engaged in the *Kazi Mtaani* Programme to offer service during the COVID-19 Pandemic period are yet to be paid, noting that the programme was initiated to cushion the young unemployed citizens of the country;
- ii. what measures the Ministry has put in place to ensure that youths are paid regularly without delay; and,
- iii. whether the Cabinet Secretary is aware that the youths have not been provided with Personal Protective Equipment (PPE).

Hon. Speaker, I have since received a response from the State Department for Housing and Urban Development, where the programme is anchored, on the issues raised by the Member which, I wish to present.

On the first question, we confirmed that the youths are paid regularly for work done on a weekly basis through mobile phone money transfer. However, during the initial period, we experienced some challenges of non-payment of some youths because of the following:

- i. The youth provided telephone numbers that were not registered with M-Pesa and, therefore, Safaricom could not successfully remit the funds. However, this issue has since been addressed by encouraging the youths to register.
- ii. Some youths provided telephone numbers that do not match with their identifications (IDs) resulting in mismatch details. This was especially the case when the youths used

IDs which belonged to other family members. Some youths had blocked or frozen numbers due to having taken *Fuliza* loans from Safaricom.

In Mvita Constituency, the *Kazi Mtaani* initiative has engaged a total of 3,500 youths from Kaa Chonjo informal settlement and Old Town. The programme engaged 2,000 youths from Kaa Chonjo and 1,500 youths from Old Town.

Regarding the second question, on measures the Ministry has put in place to ensure that youths are regularly paid without delay, telephone mobile money transfer companies have since been prevailed upon to allow payments through telephone numbers presented regardless of mismatch with the national ID numbers provided as these workers are able to fill-in indemnity forms. Also, the Ministry has employed supervisors at the county-level to manage attendance and preparation of payrolls. We have managed to engage one supervisor for every 20 workers to manage the work flow and expedite the process. Payrolls are submitted for payment every Wednesday.

Finally, as to whether the Cabinet Secretary is aware that the youths have not been provided with PPEs, we confirm that the youths have been provided PPEs, which include gumboots, face masks, heavy duty gloves and reflector jackets with clear guidelines on observation of Ministry of Health protocols on COVID-19. However, we noted that some youths in some areas in Mombasa and Mandera do not put on some PPE items, particularly gumboots due to weather conditions, but we are enforcing this through the National Government Administrative Officers (NGAO), National Youth Service (NYS) personnel and *Nyumba Kumi* supervisors.

Thank you, Hon. Speaker.

DISPARITIES IN CASH TRANSFERS TO ELDERLY/ORPHANED PERSONS & PERSONS LIVING WITH SEVERE DISABILITIES

Hon. Speaker, the final response is to a Statement request by the Member for Ruiru, Hon. Simon King'ara, on disparities regarding distribution of cash transfers to the elderly, orphans and persons living with severe disabilities.

On 6th May 2020, the Member sought to know what measures have been taken to ensure that all elderly persons, orphans and persons with severe disabilities are incorporated into the *Inua Jamii* cash transfer programme.

It is the intention of the Government to cushion all elderly persons aged 70 years and above, orphans and vulnerable children and persons with severe disabilities by incorporating them into the *Inua Jamii* Cash Transfer Programme. However, due to budgetary constraints, only a certain number is reached. Currently, the programme has 1,094,238 who have been successfully migrated from card-based to account-based mode of payment as follows: 766,254 older persons; 293,963 orphans and vulnerable children, and 34,017 persons with severe disabilities who are spread across all constituencies in the country.

In Ruiru Constituency, the programme covers 2,124 beneficiaries as follows: 1,400 older persons; 552 orphans and vulnerable children and 172 persons with severe disabilities who are spread across the constituency.

The Ministry has further confirmed that 105 older persons, 25 orphans and vulnerable children and 41 persons with severe disabilities were not migrated to account-based mode of payments due to mismatch in the data made available to the Ministry. Further, it is important to state that the condition above is not static since at any given time, there are people turning 70 years

of age, others being orphaned and others severely disabled due to accidents. The Ministry continuously updates this data and targets new beneficiaries subject to availability of funds.

What steps has the Government taken to ensure that the said needy persons who qualify to benefit from the programme in Ruiru Constituency and who from 2018 have not been included in the system having been registered? It is true there are some needy persons who were not registered in 2018 in Ruiru Constituency like in many other constituencies in the country, and could not make it to the payroll. This was due to inaccuracies in the records after data was subjected to Integrated Population Registration Services (IPRS). There are those who turned 70 years plus and have not been brought into the programme not just in Ruiru, but all over the country. In order to correct these inaccuracies, the Ministry is planning to carry out countrywide retargeting and reregistration exercises with the aim of collecting fresh information on all those cases and incorporate them into the payroll. The exercise has been hampered by inadequate resource allocation. In the current Financial Year 2019/2020, the budget deficit stands at Kshs3.9 billion. To include all the needy persons above the age of 70 years who are currently estimated to be 250,000, the Ministry will require a further Kshs6.6 billion. This was one of the recommendations made by my Committee to the Budget and Appropriations Committee for the 2020/2021 Estimates. If this request is granted, I can commit to the House that all the deserving cases in Ruiru Constituency and the country as a whole will be brought on board.

Finally, there was a question whether the relevant ministry could state the timeline for the disbursement of the cash and opening up of the systems to update the names of those who were not included previously. On updating the names of those who were not included previously, the Ministry is planning to carry out Phase III migration which will involve retargeting and re-registration or targeting of beneficiaries in the legacy file as soon as the COVID-19 pandemic situation improves to allow field-based activities.

On the other hand, update of beneficiary information is continuously being carried out centrally at the Ministry's headquarters whenever they are received. However, in future, it is the plan of the Ministry to decentralise a management information system module which deals with the chain management to the counties and sub-counties so that all the updates are done by the officers at that level.

I thank you, Hon. Speaker.

Hon. Speaker: Well, Hon. Mwadime, is there anything you would want to say about what has been given regarding your request?

Hon. Andrew Mwadime (Mwatate, ODM): Thank you, Hon. Speaker for this opportunity. I rise to thank the Chairman of the Departmental Committee on Labour and Social Welfare. Actually, the answer is to my satisfaction. However, I am just praying that they play a fair game after those 90 days. Otherwise, it was a good answer.

Hon. Speaker: Continue with the prayers.

(Laughter)

Hon. Abdullswamad Nassir, you have the Floor.

Hon. Abdullswamad Nassir (Mvita, ODM): Asante, Mhe. Spika.

Kwanza natoa shukrani zangu za dhati kwa Mwenyekiti kwa kuelezea. Pili, asiyeweza kumshukuru binadamu hamshukuru Mwenyezi Mungu. Vijana 3,500 kutoka Mvita ni asilimia 11 ya vijana wote walioajiriwa katika Kenya hii. Vijana waliochukuliwa ni 31,448.

Vijana hawakuwa wamelipwa siku nilipouliza hili Swali. Baada ya kuliuliza, vijana walilipwa. Nakubaliana na Mwenyekiti kuwa kuna vijana wamechukua mikopo ya Fuliza. Wengine wameweka majina ya *girlfriends* wao au waume wao. Hayo yametokea lakini tumefanya kikao na *Assistant County Commissioner* wa Mombasa na machifu. Tunajaribu kuyatatua kimjini. Hata hivyo, nina jambo kuhusu hili suala la vyombo na vifaa ambavyo walikuwa wapewe. Kwanza, kuna karatasi ambayo nimechukua kutoka Room 8 ama Table Office yetu ya Bunge. Ile karatasi inazungumza tofauti na alivyozungumza Mwenyekiti. Hii karatasi inaeleza wazi kuwa hawajatoa vifaa vyovyote. Ile *Statement* ambayo imesomwa na Mwenyekiti ni kuwa vifaa vimetolewa. Mimi mwenyewe kibinafsi natoa uhakikisho kuwa baadhi ya vyombo na vifaa vilivyotolewa kusaidia vilitolewa na Serikali ya kaunti, vingine vilitolewa na shirika la KeNHA, vingine vilitolewa na mashirika yasiyo ya kiserikali na vingine vilitolewa na kampuni zilizo katika sehemu ile. Naomba kwa unyenyekevu, hatupingi wala kufanya jambo lolote kinyume, tuone ni sawa kufanya kazi kwa pamoja ili tujue linaloendelea. Kwa hivyo, ingekuwa bora Mwenyekiti aulize suala hili la hivi vyombo ambavyo vinasemekana vimechukuliwa ili visije vikawa vimechukuliwa vikapatiwa vijana walio katika mjini na vijana walio mashinani hawajaviona vifaa hivi.

Asante.

Mhe. Spika: Mheshimiwa Wario.

Hon. Ali Wario (Bura, JP): Asante, Mhe. Spika. Nachukua fursa hii pia kumshukuru Mheshimiwa. Kama Wenyeviti, tuna matatizo. Uliyazungumzia hapo mbeleni, Mhe. Spika. Tunapewa taarifa na tunakuja kusoma taarifa ndani ya Chumba. Ili tuweze kutatua, nitaalika Wizara husika wiki ijayo siku ya Jumatano. Namualika ndugu yangu na Mheshimiwa ili tujue mbivu na mbichi pamoja.

Asante, Mhe. Spika.

Mhe. Spika: Shukrani. Mhe. Simon King'ara, are you putting in your request? What number is it?

Hon. Simon King'ara (Ruiru, JP): Hon. Speaker, it is good to understand that we are striving in a very difficult time to conduct business here in the House and outside the House. Maybe that is the hitch.

Thank you, Hon. Speaker, for according me an opportunity to represent the great people of Ruiru on matters concerning older persons, orphans and the vulnerable. I want to take this opportunity to thank the Jubilee administration because in the 2020/2021 Financial Year, they have allocated Kshs17.6 billion to the older persons, Kshs7.9 billion to orphans and vulnerable children, and Kshs1.2 billion to people living with severe disability,

Hon. Speaker: You should seek clarification from the Chairman on that. What you are saying has not been done until you vote on the Motion appearing as Order No.8.

Hon. Simon King'ara (Ruiru, JP): Thank you for the guidance. They have made a proposal and it is a good concern. I want to point out that the data in Ruiru Constituency has not been updated since 2018. As stated, the condition of needy cases is not static. I agree with that and there are possibly many needy cases out there that have not been considered during the COVID-19 pandemic. When the Chair was replying, you noted that about 105 older persons, 25 orphans and vulnerable children and 41 people living with severe disability did not migrated to the account-based mode of payment in 2018. These people were expecting to be paid only to find that they had not been incorporated. It is clear that a 70-year old persons cannot get any employment. It is a big concern bearing in mind that we have about half-a million people in an urban area, where, one cannot even plant a single potato.

Hon. Speaker, the allocation made last year had a deficit of Kshs400 million. In the proposed budget this year, a burden of Kshs400 million will still be carried forward. Many needy persons will still not benefit this year. I wish to request this House and other relevant institutions to look into the budget for the transfer programme with an intention to increase the amount, so that we can bridge the gap because all citizens are equal. You can imagine a 70-year-old person getting paid while an 80-year old person is left out. It is a big challenge.

Hon. Speaker: Are you seeking a clarification or you want to continue to make a statement?

Hon. Simon King'ara (Ruiru, JP): As other Members have argued, we are guided in the manner we ask Questions or make Statements, but if it is not satisfactory, I will not just sit and watch. I want the Chair, who is a representative of the ministry, to take note of the concerns until a solution is arrived at.

Before I conclude, I want to propose that money allocated for persons living with disabilities and older persons be increased every year, progressively, so as to cover as many needy people as possible.

Hon. Speaker: Very well. That sounds like a submission before the Budget and Appropriations Committee. Is that Hon. Mutunga? What is the issue?

Hon. John Mutunga (Tigania West, JP): Hon. Speaker, I want to comment on the ongoing discussion. We go through a lot of frustration when we are dealing with Questions that are not fully answered and when we are unable to effectively get the concerned cabinet secretaries. It takes a lot of time to find solutions.

In the Budget Statement of this year, an initiative *Kazi Mtaani* was introduced. We need a policy statement on how that is going to be conducted. Citizens are inquiring on the same. The Chairman of the Committee did not give details on that.

On persons living with disabilities and older persons, our constituents ask us when those removed from the schedule are going to be paid. A substitution was done and persons who were already registered were removed and younger people were put in the schedule. This is a serious issue that the House must address. They even ask us who is more likely to die earlier between a 70-year-old or an 88-year-old person. We must clear the backlog from the oldest to the youngest.

Hon. Speaker, when it comes to updating data, we always go back to research. Why do we research when we already have so much data? Last year, we conducted a population census that captured the situation of every person. Do we have analysts in this country? Why do we spend money to ask chiefs and assistant chiefs to ask people whether they are poor when they have already stated it?

Thank you, Hon. Speaker.

Hon. Speaker: Hon. Mutunga, to the extent that you appear to ask me a question, you get no answer. I am unlikely to know whether there are researchers or analysts.

Not too long ago, Hon. Wario made a Statement addressing the general issues that you have raised with regard to how certain older persons have ended up not being captured yet those who graduate into 70 are captured faster. His Statement addressed a range of challenges. This is because there are some people who were previously registered, but somehow, they have been mysteriously dropped from the schedule. We need to look at that Statement and if need be, the House can propose to give input to relevant authorities so as to ensure that those that are much older do not exit while they have not exited from earth. They are still living, but they appear to have been dropped from the records. I will allow Hon. Wario to give a response.

The Hon. Member for Mwea, I hope you do not want to make the same lamentation.

Hon. Josphat Kabinga (Mwea, JP): Hon. Speaker, it is slightly different. While I am on the same point with Hon. Mutunga, I want to add something new. As a country, we have made progress in the use of mobile money and that is what we use to disburse money to the beneficiaries. Use of systems has its own challenges and it is important that the concerned department re-checks how to audit transactions that take place.

When we are at home, much of our time is occupied by inquiries on this particular programme. We like it, but the questions that come, especially on replacements, people who were receiving cash and they are no longer receiving, and people who registered and they do not receive their money are many. I do not understand how they were removed from the system. The answers we get from the immediate people we talk to are that records were not properly entered. I am persuaded that much of this could be due to system problems. We must, as a House, be cognisant that much of the malpractices happen through computers. Therefore, we cannot assume that people who are not receiving cash is because of records. There could be people out there who have diverted these transactions to particular numbers that are receiving the cash. That being the possibility, I would urge the concerned department to take that more seriously. Let us not just talk about people being replaced and records not being proper. Let us think further. We are in a world full of knowledge and malpractices where some of these things could be happening.

Thank you.

Hon. Speaker: Let us have Hon. Wario to make his final remarks so that we can go to business. You know, we are not yet in business. This is not business. There is serious business. The Member for Funyula is new in this thing. So, he may think that this is business. It is not.

(Laughter)

When I say business, you just have to look at the Order Paper. The Order Paper is the one that shows business. Hon. Wario.

Hon. Ali Wario (Bura, JP): Thank you, Hon. Speaker. As you have rightly put, two weeks ago, I tabled a Report here with an electronic report showing the number of beneficiaries per constituency. We elaborated in that Report the bigger challenges facing us. We said in that Report that in the current financial year, we have a deficit of Kshs3.3 billion. In the recently concluded Census, there were 250,000 old persons who are 70 years and above. For us to bring all of them on board, we need Kshs9.9 billion. I appeared before the Budget and Appropriations Committee and I shared with them that challenge. If they will be included, we will address this problem once and for all.

Research is key. Members are only concerned with persons who have reached the age of 70. There are those who have died. We need to clean the register and bring on board those who are 70 years. That way, we will be speaking from a point of knowledge.

Finally, Hon. Simon has talked of unsatisfactory answers. Last week, Hon. Speaker, I called Hon. Simon six times and even text messaged him. We invited the Ministry and I invited him to sit with the Cabinet Secretary and share his concerns before I bring the answer to the House. Unfortunately, my calls to him were not going through and he never responded back when I text messaged him. So, what was I supposed to do? I have to report the answer that I was given.

Thank you.

Hon. Speaker: That could be the same problem with your constituents who you are complaining about. If the Member who sought the Statement himself cannot be reached by the Chairman...

(Loud consultations)

I am not going to allow more. This is not business. You know once I say it is over, it is over. That is the way it is. So, if Hon. Wario could look for the Member six times, then text him and still not get an answer, might it be a case of the Member having given wrong contacts? Please, go and sought out those problems. They could be with you. I do not want to go into other areas. As you know, I am also dealing with some of you in other things that you have done here. So, it is not a problem which is out there in the village. It could be something infectious. It could have got to you as representatives of the people and you might have brought it to Parliament. I will not elaborate. Know that these things are there. Please, let us not make that to be the business of the day. In any event, Hon. Wario tabled a Report. I would have been happy to hear a Member say that this is the Report that was tabled and it has these weaknesses. He tabled the Report and it is at the Table Office.

(Hon. Nyikal consulted loudly)

Hon Nyikal, you know what you are doing now is... So, go and get that Statement. If need be, you can bring it through a Motion and then we can debate that. We cannot have it through a medium of "request for statements" then we debate it. This House, as you know, operates quite differently from the other one. This is not business. It is just like Questions. Please let us move to the next business unless Hon. Mbadi has a point of order. I can see you are holding the Standing Orders.

Hon. John Mbadi (Suba South, ODM): Thank you, Hon Speaker. My point of order is on something different from what we were discussing. Hon. Wario has ably presented the Statement. The rest can be followed up later.

I am going to be brief because I know we should get to the main business that brought us here. I am rising under Standing Order No.44(2)(b), which says:

"The Leader of the Majority Party, or the Leader of the Minority Party as the case may be, or their designees may make a statement relating to their responsibilities in the House or the activities of a committee."

I am standing here to raise a matter which I think is of interest to us as House. It is a matter of accountability, more importantly, an oversight function of this House. As the Leader of the Minority Party, I was present when we passed the last Supplementary Budget. We were unanimous as a House and decided to cut the budget of Parliament by Kshs3 billion. We decided to ring fence that money and channel it directly towards mitigation of COVID-19 cases. We allocated that money to about nine regional health facilities. If I can remember, we allocated Kshs500 million to Kenyatta National Hospital, Kshs500 million to Kenyatta University Teaching and Referral Hospital, Kshs400 million to Moi Teaching and Referral Hospital, Kshs400 million to Jaramogi Oginga Odinga Hospital, Kshs500 million to Coast General Hospital, Kshs300 million to Kitui and Mandera hospitals and some amount to Mbagathi Hospital.

My concern is from the reports I am getting. Up to this moment, these amounts have not been released to these hospitals to allow them to prepare to address any spike of COVID-19 cases. To me, this is a clear case of the Executive being careless. I want to request, as far as oversight is concerned, using my position, the Chairperson of the Departmental Committee on Health and the Chairperson of the Committee on Implementation, to follow through this matter and find out if the National Treasury has not released money to the Ministry of Health. If not, it should do so and if

the Ministry of Health has received the money, the money should go to these health facilities, so that it is spent to provide services that we earmarked that money for. That is what I wanted to raise. If you allow me, I do not see the Chair of the Departmental Committee on Health, but I am sure she will get the *Hansard* and act on this matter.

Thank you.

Hon. Speaker: The Chair of the Committee on Implementation, Hon. Kenta, is here. That is a very valid concern. Those were resources which were earmarked for Parliament and Parliament was magnanimous enough. The rest of the people just want to parade to say that they are bringing some small cheques. Parliament was magnanimous enough. So you should follow up that matter alongside your colleague, the Chair of the Departmental Committee on Health, and give us a report here on Thursday next week because the year is coming to an end.

Hon. Richard ole Kenta (Narok North, ODM): Hon. Speaker, I shall do that. In fact, following up these resolutions has been a problem because the Executive does not seem to take parliamentary decisions or resolutions seriously. This is one that we must really follow up. If we can forego some of our privileges for the people we represent, I think it is wrong for the Executive to play around with our decisions. We give an undertaking that we shall follow up.

Hon. Speaker, thank you very much.

Hon. Speaker: Leader of the Majority Party, what is it?

Hon. Aden Duale (Garissa Township, JP): Hon. Speaker, this matter is very clear, both in the Constitution and in the PFM Act. Once this House passes a supplementary or the main Estimates and the Appropriations Bill is passed and warrants are presented to His Excellency the President, which we always witness, that matter settles there and the money goes to the respective units, even if it is the smallest village. And nobody can change that. Even the CS for the National Treasury cannot change that unless through Supplementary Estimates. So this is a very serious matter. This was in a Supplementary Estimates, which means this money must be spent before the end of this financial year. It was because Parliament felt the need to allocate the funds. For example, Mandera was given some money because the numbers in Mandera were very high compared to the other counties in the north. Kitui was given money for a specific reason. The money must now be with the Ministry of Health. The onus is on both the Committee on Implementation and the Departmental Committee on Health to give a very good report, as you directed, on Thursday.

If you read Article 221(6) of the Constitution, the President signs an Appropriations Bill into an Act and he signs warrants, with specific projects. It is high time the two Committees asked what is going on. In fact, on Thursday they should tell us the money has been disbursed to these institutions, because we passed a resolution and the money is there. Parliament that you head, as the Chair of the PSC, was magnanimous to help the Jaramogi Oginga Odinga Hospital and all the other hospitals.

Hon. Speaker: I think that is the position. Before we move to the next Order, there is a Motion that the Leader of the Majority Party was supposed to move.

PROCEDURAL MOTION

EXTENSION OF SITTING TIME

Hon. Aden Duale (Garissa Township, JP): Hon. Speaker, I beg to move the following procedural Motion:

THAT, pursuant to the provisions of Standing Order 30(3)(a), this House resolves to extend the sitting time of the House until conclusion of the business appearing under Order No.11 in today's Order Paper.

Hon. Speaker, Order No.11 is the Second Reading of the Finance Bill. We are aware that both the Budget Estimates and the Finance Bill have a timeline of 30th June. In fact, by 30th June they must be assented to. We only remain with next week, so we should finish the Second Reading today. In line with the Motion that we passed that we do not hurry the Budget Report and the Finance Bill, we want to give every Member - those in the Chamber and those outside the Chamber - the opportunity to contribute to this important Bill. Tomorrow is Friday and we are not sitting. Come Tuesday, both morning and afternoon sittings, we should have the Committee of the whole House on the Appropriations Bill and the Finance Bill, and then give Parliament, the State Law Office, the Government Printer and the National Treasury time to prepare vellums for signature, because these are figures, not an ordinary Bill. The parliamentary staff, the State Law Office, the National Treasury and the Government Printer need not less than seven days before presenting these Bills for assent by 30th June. When we were considering the Committee of Supply, we finished by 7.00 O'clock. So, if by 7.00 O'clock we have no Member contributing to the Finance Bill, we are home and dry. But in case there are Members with interest, we can continue until 8.00 O'clock or 9.00 O'clock. That is the essence of this Motion. And it is a decision of the House Business Committee (HBC), chaired by the Speaker.

I beg to move and ask Hon. John Mbadi, the Leader of the Minority Party who is also a Member of HBC, to second.

Hon. Speaker: Hon. Mbadi.

Hon. John Mbadi (Suba South, ODM): Hon. Speaker, as you had pointed out earlier, business is just about to begin. This afternoon we have quite a packed agenda to discuss, but more importantly is the Finance Bill that Hon. Duale has spoken to. This House will recall in the Financial Year 2011/2012, after the passage of the Constitution, there was a paradigm shift in terms of processing the Appropriations Bill. Previously, processing the Appropriations Bill was very easy. We could even pass it after June. But immediately we passed the Constitution, it became mandatory that the Appropriations Bill must be passed and assented to before 30th June. So we want to have the Appropriations Bill assented to before 30th June.

Similarly, up to this year, we have been dealing with the Finance Bill after June. Actually, we have been dealing with it up to September, and allowing the Government, through statute law, to charge some taxes. That matter went to court and it was declared that both the Finance Bill and the Appropriations Bill must now be passed before 30th June. Therefore, if you look at our calendar, we only have Tuesday and Thursday next week to effectively deal with these Bills. But we want to finish with both of them by Tuesday, so that we have Wednesday, Thursday and possibly Friday for Parliament to put them in order. As you know, the Appropriations Bill has so many figures, so many budget lines and ministries and departments, which require accuracy. So we are requesting this House to conclude the Second Reading of the Finance Bill today, then on Tuesday we will

Disclaimer: *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor.*

conduct Committee of the whole House on the Finance Bill and have the Appropriations Bill go through all the stages, conclude it and have the two Bills prepared by the House and put in order by our staff for onward transmission to the President, so that by Friday, he can assent to these two Bills to become law. The Government would then have the authority of the people's representative not only to spend, but also to collect money.

Hon. Speaker, I second.

Hon. Speaker: Hon. Members, before I propose the Question I think the point raised by Hon. John Mbadi is extremely important for this House to appreciate. Once again, I am happy that Hon. T.J. Kajwang' is in the House, as a senior Member of the Procedure and House Rules Committee. What has been stated by Hon. John Mbadi is important for this House to know. The courts ruled that the Provisional Collection of Taxes Act of 1959 is unconstitutional in the context of our current Constitution. That is the law that allowed the Government to provisionally collect taxes up to the end of December of each succeeding year. But now with that court ruling, we must move with speed to even have it repealed and whatever is relevant in it be incorporated in the PFM Act. It is also important for Hon. Kajwang' and Hon. Soipan, in the Procedure and House Rules Committee, to also consider the suitability of Standing Order 245(4), which talks of passing the Finance Bill not later than 90 days of the passage of the Appropriations Bill.

As you can see, it is also a contradiction. We cannot talk of the Appropriations Bill which, as you know, must be passed not later than 26th June 2020. Hon. Kajwang' and Hon. Soipan, I think the Procedure and House Rules Committee should look at the relevance of Paragraph (4) of Standing Order No.245.

(Question proposed)

(Question put and agreed to)

Hon. Members, before we go to the next Order as I had indicated, allow me to give a Communication which is necessary for avoidance of doubt and removal of some existing or prevailing confusion in the air.

COMMUNICATION FROM THE CHAIR

DISCHARGE OF MEMBERS FROM SELECT COMMITTEES

Hon. Speaker: Hon. Members, Standing Order No.176, which relates to discharge of a Member from a Committee, provides as follows:

“(1) A Parliamentary Party may discharge a Member from a select committee after according the Member an opportunity to be heard.

(2) The Parliamentary Party Whip of the party that nominated a Member to a Select Committee shall give notice in writing to the Speaker of the intention to discharge a Member from a Select Committee.

(3) The Speaker shall, within three days of receipt of the notice under paragraph 2, inform the Member of the notice.”

Hon. Members, in this regard, I wish to report to the House that my Office is in receipt of a letter dated 16th June 2020 from the Majority Party Whip, notifying me that the Jubilee Party had discharged 16 of its Members from certain Select Committees as follows:

(i) Hon. Ali Haji Adan stands discharged from the Departmental Committee on Agriculture and Livestock, where he has been serving as the Chairperson.

(ii) Hon. Kimani Ichung'wah stands discharged from the Budget and Appropriations Committee, where he has been serving as the Chairperson.

(iii) Hon. Gladys Boss Shollei stands discharged from the Select Committee on Delegated Legislation, where she has been serving as the Chairperson.

(iv) Hon. William Cheptumo stands discharged from the Departmental Committee on Justice and Legal Affairs, where he has been serving as the Chairperson.

(v) Hon. (Dr.) Victor Munyaka stands discharged from the Departmental Committee on Sports, Culture and Tourism, where he has been serving as the Chairperson.

(vi) Hon. John Koyi Waluke stands discharged from the Departmental Committee on Administration and National Security, where he has been serving as the Vice-Chairperson.

(vii) Hon. Fred Chesebe Kapondi stands discharged from the Constitution Implementation Oversight Committee, where he has been serving as the Vice-Chairperson.

(viii) Hon. (Dr.) Robert Pukose stands discharged from the Departmental Committee on Energy, where he has been serving as the Vice-Chairperson.

(ix) Hon. Alice Wahome stands discharged from the Departmental Committee on Justice and Legal Affairs, where she has been serving as the Vice-Chairperson.

(x) Hon. Joyce Chepkorir Koech stands discharged from the Departmental Committee on Labour and Social Welfare, where she has been serving as the Vice-Chairperson.

(xi) Hon. Khatib Abdalla Mwashetani stands discharged from the Departmental Committee on Lands, where he has been serving as the Vice-Chairperson.

(xii) Hon. Catherine Waruguru stands discharged from the Select Committee on Members' Services and Facilities, where she has been serving as the Vice-Chairperson.

(xiii) Hon. James Lomenen Ekomwa stands discharged from the Select Committee on National Cohesion and Equal Opportunities, where he has been serving as the Vice-Chairperson.

(xiv) Hon. Liza Chepkorir Chelule stands discharged from the Select Committee on Parliamentary Broadcasting and Library, where she has been serving as the Vice-Chairperson.

(xv) Hon. Cornelly Serem stands discharged from the Departmental Committee on Trade, Industry and Cooperatives, where he has been serving as the Vice-Chairperson.

(xvi) Hon. Moses Kuria stands discharged from the Departmental Committee on Transport, Public Works and Housing, where he has been serving as the Vice-Chairperson.

Having perused the documents through which the Jubilee Party transmitted the decision to discharge the said Hon. Members, I am satisfied that the process leading to the discharge met the requirements set out in Standing Order No.176. Accordingly, the discharge of the said Members takes effect immediately.

Hon. Members, in this regard, I invite you to note the provisions of the following Standing Orders:

(i) Standing Order 179(2), which provides that whenever a vacancy occurs in the office of chairperson or vice-chairperson of a select committee, the Clerk shall, within seven days of the vacancy arising, appoint a place and time for a meeting of the committee to elect the chairperson or vice-chairperson; and,

(ii) Standing Order 173 (3), which provides that a vacancy occasioned by resignation or removal of a member from a select committee shall be filled within fourteen days of the vacancy. The affected Members, the Clerk and the House are accordingly advised.
Next Order!

MOTIONS

ADOPTION OF REPORT OF COMMITTEE OF SUPPLY ON BUDGET ESTIMATES FOR FY 2020/2021

THAT, this House do agree with the Committee of Supply in its consideration of the Budget Estimates for the FY 2020/2021 and pursuant to the provisions of Article 221 of the Constitution, Section 39 of the Public Finance Management Act, 2012 and Standing Order No.240, approves the issuance of a sum of Kshs1,887,661,995,757 from the Consolidated Fund to meet the expenditure for the National Government, Parliament and the Judiciary during the Year ending 30th June 2021 in respect of the Votes as approved in the Schedule to the Order Paper.

(Question proposed)

(Question put and agreed to)

Hon. Members, that paves the way for preparation of the Appropriations Bill, 2020.
Next Order!

APPROVAL OF NOMINEES FOR APPOINTMENT TO NG-CDF CONSTITUENCY COMMITTEES

(Debate concluded on 16.6.2020)

Hon. Speaker: Hon. Members, in the Report, the records show that debate on this Motion was concluded and, therefore, what remains is for me to put the Question.

(Question put and agreed to)

BILLS

First Reading

THE REFERENDUM (No.2) BILL

(Order for First Reading read, Read the First Time and ordered to be referred to the relevant Departmental Committee)

Hon. Speaker: Next Order!

Second Reading

THE FINANCE BILL

Hon. Speaker: Chairman, Committee on Finance and National Planning, Hon. Limo.

Hon. Joseph Limo (Kipkelion East, JP): Hon. Speaker, I beg to move that the Finance Bill, 2020, be now read a Second Time. First, allow me to express my gratitude to Hon. Members who gave a lot of support during the discussion and passing of tax laws. We made laws in 2020 to support the Government in cushioning Kenyans and the economy during the trying moments of the COVID-19 Pandemic during the early part of this year. The Finance Bill, 2020, was published on 5th May, 2020 and first read on 6th May 2020 and committed to the Departmental Committee on Finance and National Planning.

Hon. Speaker this Bill seeks to amend several laws which include:

- a) The Income Tax Act.
- b) The Value Added Tax Act.
- c) The Excise Duty Act.
- d) The Tax Procedures Act.
- e) The Miscellaneous Fees and Levies Act, 2016.
- f) The Tax Appeals Tribunals Act, 2013.
- g) The Public Roads Toll Act (Cap 407).
- h) The Capital Markets Act (Cap 485 (a)).
- i) The Insurance Act (Chapter 487).
- j) The Standard Act (Chapter 496).
- k) The Road Maintenance Act, 2007.
- l) The Kenya Revenue Authority Act (No.2 of 1995).
- m) The Retirement Benefits Act.
- n) The Insolvency Act (No. 18 of 2015).

Out of all these pieces of legislation that I have just mentioned and processed by the Departmental Committee on Finance and National Planning, there were also two other committees involved in processing these depending on the matters which were presented before us as directed by your office, Hon. Speaker. They include the Departmental Committee on Transport, Public Works and Housing specifically on the issues of tolls and the Departmental Committee on Justice and Legal Affairs specifically on the Insolvency Act. The proposed amendment to the various tax laws contained in the Finance Bill, 2020 are expected to raise additional revenue for the purpose of financing the Financial Year 2020/2021 Budget to a tune of Kshs38 billion.

Hon. Speaker, allow me to briefly give highlights to specific laws which this Finance Bill, 2020, is intending to amend. I will start with the Income Tax Act. On the Income Tax Act, there is a proposal by this Bill to lift both the lower and the upper limits on the residential rental income where currently the upper limit has been Kshs10 million which is being proposed to be raised to Kshs15 million. On the lower limit, in line with the amendment done in tax laws following the President's promise to exempt the lower income earners especially those earning below Ksh24,000, this Finance Bill recognises that the people in the private or informal sector earning their income through rental buildings are also supposed to benefit from what the President offered in the tax laws. Therefore, the lower limit on the rental income is being proposed to be lifted because currently it stands at Kshs144,000 per annum which is that anybody earning below Kshs144,000 in a year from rental income has been benefiting from exemption of taxation.

However, because the President lifted the lower income on those who are employed, this Bill also proposes to lift the lower limit for those earning rental income from Kshs144,000 to Kshs288,000 per year basically to align it with what was implemented in April. On the same proposal, the National Treasury is actually keen on raising some revenue from it and it will raise at least Kshs200 million if this proposal passes.

Additionally, there is also a new proposal on taxation on Corporate Tax where initially you find that companies who have been declaring losses have never been paying taxes. It has been realised that there are certain companies that upon incorporation make losses throughout and, therefore, not paying any taxes while enjoying the infrastructure which has been laid by the Government like roads, electricity, and water. Therefore, they are not contributing to the Government's effort to provide robust infrastructure in this country. To bring them on board so that all of us can contribute to the development of this country, there is a proposal to introduce a minimum tax where business people will be required to choose which option they will take. The options are you either pay by declaring profit; pay what you ought to pay as per the Income Tax law or pay minimum tax as computed on gross turnover. Therefore, you take your gross turnover, compute 1% and then you compare with what you have computed using the conventional computation of income and, therefore, you chose. The requirement here is that whichever is higher, you pay to the Government. Therefore, that is the proposal.

This is a very good proposal. Many countries, and in fact, in our Report we have attached a list of 55 countries, use alternative tax computation than the conventional ones. Some of them either use turnover or adjusted income. These countries, if you look at the list which has been attached to our Report, include countries like:

- a. Belgium.
- b. Guinea.
- c. India, which is using what they call adjusted book profits.
- d. Liberia, which is even applying 2% while Kenya we are only proposing 1%.
- e. Mexico, which is basing on gross assets.
- f. Philippines, gross income, 2%.
- g. Puerto Rico, which is actually very high adjusted income at 30%.
- h. Tanzania, which applies turn over just like what we are proposing here.
- i. The USA; which is charging at 20% but on adjusted income.

Hon. Speaker, I have just mentioned an example of countries, including Chad, Colombia and others. But there is a list of 55 countries. So, this is something that is long overdue. The Government is aiming at collecting at least Kshs21 billion. In our estimation as the Committee on Finance and National Planning, if we put in proper systems, we will collect not less than Kshs30 billion.

Hon. Speaker, in line with what is happening now in the world, businesses are moving from the conventional platforms to digital. In the 2019 Finance Act, we introduced taxation in the digital marketplace. In this Finance Bill, we are introducing the actual tax. This Bill proposes to tax digital markets by way of applying 1.5 per cent which is minimal. This, if applied properly, is going to raise a lot of tax. The Bill at some point is also proposing to enlist several agents, including banks and other digital service providers. It is proposing digital agents. So, the agents will be brought in together to capture the cash transactions which are happening in the digital marketplaces.

A good example is what happened in Kenya when Uber, which operates taxi services, came to Kenya. There was hue and cry and a lot of demonstrations in this country. The other taxi

operators claimed that Uber was coming to fight them. Later on, they realized that it is hard to fight technology. You either join it or become obsolete. That has been happening all over the world. The only problem is that companies which charge tax impose high charges. If you pick an Uber taxi at the airport to the City Centre, you will probably pay Kshs100. But a conventional taxi company will charge you over Kshs2,500 just because of other charges, including taxation. So, the introduction of those digital markets will level the business environment such that, if you are on the digital market, then you pay some tax. But, if you are operating on the conventional platform, which is manual, you equally pay tax. In fact, alongside this digital tax, the same agents will capture other taxes including VAT. That is because most of those service providers do not charge VAT and that is why they offer competitive services, thus creating uneven ground.

Hon. Speaker, if we collect VAT including reverse VAT where the person receiving service is supposed to pay VAT to the taxman before they collect their goods or get their services... Some of those service providers who are in the digital marketplace are not resident in Kenya. Uber, for example, is based in the Netherlands, although they have an office here. They are not registered here. So, they do not pay tax in Kenya. So, once this system begins to work, we will capture that. We have challenged the KRA to move very fast to innovate and invest in technology. This is because we need to have very robust systems to capture all that is happening in the digital working place.

Hon. Speaker, I want to go on to the other proposals. I am still on the Income Tax Act. As I finalize on this, there were several tax deductible benefits which were given like subscription or entrance fees applicable to associations and other legal costs. Other incidental expenses that were being exempted to encourage certain investments especially in clubs, Capital Markets Authority (CMA) and others were also allowable so that people could be encouraged to invest in Corporate Social Responsibility (CSR) activities. This Bill is proposing to remove them.

However, there are certain ones, especially those that are covering investments in CSR where anybody who invests in construction of public schools, hospitals, roads or similar amenities are given that benefit of deducting that cost when computing taxable income.

Hon. Speaker, we have discussed this and realized that it is very important. They are contributing to the country and, at the same time, members of the public are benefitting from the investments. We have agreed with the National Treasury that anybody who invests in CSR should continue getting the benefit of tax deduction.

There is another proposal where the whole country is asking why we want to tax the pension of our senior citizens. I want to confirm that this Bill was proposing to do some taxation on retirement benefits. However, after long consultations with stakeholders and the National Treasury, we have agreed that this proposal should be dropped so that our senior citizens can continue to enjoy their benefits. They said that the coronavirus is chasing the old people around. They are being told to stay at home and now they are being taxed. So, they should rest assured that if this House supports, then the intended taxation will not happen.

Hon. Speaker, allow me now to quickly move to VAT. Claiming for VAT refund is a very complex process. At some point, you find unscrupulous businesspeople raising fictitious invoices and laying claims. However, there will be a system where KRA will audit and capture those that are genuine and they will get the refund. However, this Bill proposes to transfer that responsibility to the taxpayer so that you can prove that the supplier who supplied to you has declared the invoices in the tax returns. This was found by the stakeholders to be cumbersome and is going to cause a lot of hue and cry. After a lot of discussion within the Committee and going through the stakeholders' memoranda, we have also discussed with the National Treasury and KRA and agreed

to remove all those challenges. We have realized that the only way to proceed is to invest in technology.

The KRA, through the development of Tax Invoicing Management System (TIMS), should introduce the capturing of all invoices at source. This will enable them to record the details of the customer and supplier when purchasing. So, upon claiming, that invoice will be merged with the system. This will be in line with what KRA has been doing by investing in Electronic Tax Registers (ETRs). However, those ETRs are not connected to KRA systems.

So, going forward, we have proposed that KRA should invest in robust systems that are used in other countries like Dubai, which has the best system. Every businessman in Dubai is connected to the tax authority system. So, once you key in the taxpayers' details, it captures the tax into the tax system. If you raise a claim, it automatically shows in the system. We have challenged the National Treasury to try as much as possible to finance KRA, so that it can invest in very smart technology. This will be a good move and KRA will avoid all those tussles with taxpayers.

In this country, we want a good environment for businesses to thrive. We do not want a situation whereby businessmen argue with the Government. This will waste a lot of time and reduce tax collection opportunities. Investment in technology is the only way to go and we will consult more and more on this. We will be moving some amendments to align this with what we think will work well. This will stop our stakeholders from complaining.

There are quite a number of other items in tax exempt that are recommended to be moved to standard. This is aimed at creating around Kshs8 billion. The Government has indicated that most exemptions are given before they are seriously reviewed. So, tax exemptions will be given only on essential commodities. In the Bill, there other proposals that are listed, apart from removal of tax exemptions. There is a proposal to adjust the threshold under the Excise Duty. Also, there is a proposal which seeks to reduce the threshold for alcohol strength from over 10 per cent to 8 per cent for tax purposes. This will enable collection of more taxes to the tune of Kshs1.5 billion. However, we will be proposing amendments to move it further to 6 per cent so that we can collect close to Kshs4 billion.

There is also a proposal for voluntary tax disclosure programme. In this programme, the National Treasury proposes that if any Kenyan has not been declaring their income properly, it will allow them to declare what they were supposed to pay and after declaring, they will be allowed to pay the tax declared without paying any penalty and interest. This proposal is for three years starting now henceforth. But you can declare five years backwards. This will create a good environment for people to get to the level of compliance because many businesses are not sure about their compliance level. So, once you declare, you will be excused for the sins of the past.

I remember when the COVID-19 pandemic started, there was a lot of fear. As you know, most Kenyans normally buy used clothes popularly known as "Mitumba". But Kenyans do not know that Kenya is the best producer of high-quality clothes. Most of the clothes that are sold in the United States of America (USA) and United Kingdom (UK) are manufactured here in Kenya at the Export Processing Zones (EPZ). At EPZ, there was a limitation on the threshold of releasing to the Kenyan market at around 20 per cent. So, out of the 100 per cent produced, only 20 per cent was sold locally. Therefore, this did not have a lot of impact in terms of pricing.

In terms of promoting local manufacture and helping Kenyans to buy new and quality clothes, the Government has relaxed that limit. Therefore, most companies are now able to release up to 50 per cent of what they produce to be sold locally. In fact, Kenyans should know that they can get good clothes from EPZ. This is a message to the businesspeople that they should not wait

to fly to China or Italy. They never know when they will be able to fly out again. Therefore, they should promote EPZ. There is a proposal to introduce a small duty of 2.5 per cent of the custom value of goods tendered for home use from EPZ. This is to enable the Government to raise some little tax.

As I get to the tail end of my summary, there are very strategic projects that were proposed by the Government, but implementation has taken time. Members might be asking when the expressway from Jomo Kenyatta International Airport (JKIA) to Westlands will be constructed. This will be constructed using the Public Private Partnership (PPP). We did not have a framework on how the investors would recover. This is a situation where an investor invests money on a public road but, to recover the investment, the Government will not pay from the revenue it collects. The investor will be required to collect money using a toll. Most Members here and Kenyans who have travelled abroad know that if you want to move fast, you use the toll road.

The toll enables the investor to collect the funding they used plus the agreed profit, until the road pays itself according to the arrangement. In other countries, they say it is build, operate and transfer. So, after recovering what has been agreed, then you transfer back. Another very strategic road will enable Kenyans from western Kenya to move faster from Nairobi all the way to the intersection at Mau Summit on the road to Kisumu and Eldoret. The road will also be built under PPP and, to enable it to be implemented, this Bill is proposing to introduce a toll fund which will be used to pay for those roads.

There is also a proposal to enable KRA to offer capacity building services to others like county governments. This is expanding their scope to include capacity building and training. At the same time, it is allowing KRA to work for other entities like county governments, including parastatals which want its services. That way, KRA will be able to collect more and offer services to Kenyans at the same time. The KRA has been known at some point not to achieve its targets. Yes, it is not the best but it is actually on top in Kenya in terms of revenue collection. What we hear from KRA is that when they moved to collect parking fees in Nairobi, it went to up five times from what was being collected by the County Government directly. So, KRA can do better. Even other counties can hire it to collect for them.

But there have been issues. When banks collapse and KRA has an account there, the funding which has been collected on behalf of Kenyans is not given priority in terms of payment in case of liquidation of the bank. This Bill proposes to give priority to KRA in case there is an issue of liquidation.

Let me now turn to public participation. In terms of public participation in line with Article 118 of the Constitution, the Committee received a record 40 memoranda, having accorded the public an opportunity through the newspaper advertisement placed on Friday, 8th May 2020. It ran all the way to 21st May 2020. We received several memoranda from 40 entities. Among them are:

1. Kenya Breweries Limited;
2. PKF Taxation Services Limited;
3. The Institute of Certified Public Accountants of Kenya;
4. Kenya Bankers Association;
5. KPMG Advisory Services Limited;
6. Oxygen Limited;
7. Association of Retirement Benefits Schemes;
8. African Salihya Cargo and Cleaning Services;
9. Fund Managers Association;
10. Anjarwalla and Khanna LLP;

11. PriceWaterhouseCoopers Limited;
12. Independent Power Producers;
13. Kenya Association of Manufactures;
14. Kenya Private Sector Alliance;
15. Uber Kenya Limited;
16. National Social Security Fund (NSSF);
17. The Kenya National Chamber of Commerce and Industry;
18. The Ministry of Transport and Infrastructure;
19. Shadesystems.co.ke;
20. American Chamber of Commerce, Kenya; and
21. Office of the Attorney-General.

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

*[The Temporary Deputy Speaker
(Hon. (Ms.) Soipan Tuya) took the Chair]*

Mr. Speaker, we went through all those memoranda and in line with the Constitution, we considered each proposal. That is properly documented in our Report.

Hon. Members: Madam Speaker!

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Chair, you are addressing a Speaker who is not here.

Hon. Joseph Limo (Kipkelion East, JP): Madam Temporary Deputy Speaker, you know today you have dressed like Mr. Speaker.

(Laughter)

Sorry for that, Hon. Temporary Deputy Speaker. But let me take this opportunity to welcome you.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Of course, you are lying, Hon. Limo. You cannot see what I am dressed in beyond...

Hon. Joseph Limo (Kipkelion East, JP): I have realized the reason why.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Unless you have been spying from other types. You can proceed.

Hon. Joseph Limo (Kipkelion East, JP): Hon. Temporary Deputy Speaker, I have realized that I am always required to use spectacles to see far. Therefore, I am very sorry for that but, I really thank the Members who have given me this information.

Hon. Temporary Deputy Speaker, the proposal made by the stakeholders form the basis of the proposed Committee amendments at the Committee of the whole House stage and other observations which we are going to use even in the future. That is because most of the recommendations by the stakeholders have always formed our databank for future recommendations and even future operations by our Committee.

Before I finish, I really have to acknowledge the members of my Committee. In fact, the Leader of the Majority Party will agree with me that the Members we have in the Departmental Committee on Finance and National Planning are very dedicated. During the COVID-19 pandemic, they were operating here. Hon. Jimmy Angwenyi, Hon. Adipo Okuome, Hon. Oyula,

Hon. Kibunguchy and Hon. Shakeel Shabbir are actually senior Members of the Committee. They have been trying their best. Even if they are not attending physically, they have been participating virtually. The spirit has been very good and they have been dedicated. I take this opportunity to thank them.

I also take this opportunity to thank the Office of the Leader of the Majority Party, the Office of the Clerk and the Office of the Speaker for the support they gave us during this time.

Finally, I also thank the National Treasury led by CS Ukur Yattani. They have been very consultative. They have been coming to us and we have been consulting them severally. With those many remarks, I end it here and without anticipating debate, I really urge this House to support this Committee. I ask the Leader of the Majority Party, Hon. Duale, to second.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Let us have the Leader of the Majority Party.

Hon. Aden Duale (Garissa Township, JP): Hon. Temporary Deputy Speaker, I rise to second. The Speaker alluded today that this is the first time this House is dealing with the Finance Bill at this particular moment. Some of the Members will agree with me that the Finance Bill used to have a timeline of three months from when the CS gave the highlights of the budget estimates. So, the deadline for the passage of the Finance Bill used to be 30th September. However, because that law was declared unconstitutional, then we are forced to adopt the current practice. I think it is tidy and decent that, as we present the Appropriations Bill 2020/2021, we also present the Finance Bill as a House so that, as the CS asks for money, we give him the Finance Bill that will also help him in raising taxes.

In order to cushion Kenyans and the economy from the negative impacts of the COVID-19 pandemic, two months ago, His Excellency the President and the Executive that he leads introduced measures under the Tax Laws (Amendment) Act, 2020, which we passed. I really thank the House for the passage of that Tax Laws (Amendment) Act. That has made this Finance Bill, 2020 a very short and simple Bill, unlike the old Finance Bill. This is because a lot of the issues were dealt with by the Tax Laws (Amendment) Act, 2020.

First, allow me to express my gratitude to Members for fast-tracking the enactment of that Tax Laws (Amendment) Act, 2020, which had so many issues, including the reduction of VAT and the waiver given to individual Kenyans on personal taxes during this very trying moment of COVID-19 pandemic. You can see today as we stand here, 10 Kenyans have died in the last 24 hours based on the information that the Ministry of Health has given to the country. The number of those found positive has reached 213, which is the highest. So, as leaders, we must be at the forefront now to make sure that we preach and do civic education in our constituencies and our people that this disease is real and it is going to impact on our lives and the economy, and we must all work together.

Hon. Temporary Deputy Speaker, the Finance Bill 2020 that the Chairman of the Committee on Finance and National Planning has moved proposes to support the 2020/2021 Financial Year Budget. The tax laws support vulnerable groups in our society. But the Finance Bill that is before this House is supposed to support the 2020/2021 Financial Year Budget. In this Bill, careful analysis has been made by the National Treasury that put in place packages of sound fiscal measures to support Kenyans through their businesses during this emergency period as well as support the recovery of the economy. So, I think Hon. Members will have time to go through the Bill. It is a very important Bill. Members will have an opportunity to interact with it further once the Committee brings more amendments during the Committee of the whole House. I want to confirm that a lot of discussion has taken place amongst the Committee, the National Treasury

and KRA. What we expect is a Finance Bill that is not controversial coming to the Committee of the whole House stage.

Hon. Temporary Deputy Speaker, let me go to the six key areas that this Bill touches on. First, the Bill proposes amendments to the Income Tax Act in order to raise the upper ceiling of the monthly rental income that is subject to 10 per cent monthly rental income at the rate of Kshs15 million per year from Ksh10 million. So, landlords who collect Kshs15 million annually and pay rental tax at the rate of 25 percent will pay rental tax at the rate of 10 per cent. Anybody who has been collecting Kshs15 million has been paying rental tax at the rate of 25 per cent. Once this Bill is passed and assented to by the President, they will pay 10 per cent. What does that mean? That means this House and the Government expects landlords to pass that benefit to tenants, particularly during this difficult period. So, there is a positive amendment for rental income.

Secondly, this Bill proposes to cushion farmers from the high cost of maize seeds by exempting corn maize seeds from VAT. This is intended to increase food production in our country, especially maize production, which is a staple food and, more so, during this period. Thirdly, the Bill proposes to exempt ambulance services in addition to other medical, nursing and dental services from VAT. The essence of this proposal by the National Treasury is to further cushion Kenyans from the high cost of seeking medical services as the use of ambulance services is expected to be cheaper both in urban and rural Kenya.

Fourthly, the Bill proposes to exempt currency notes and coins procured from De La Rue (Kenya Limited) by the Central Bank of Kenya (CBK) from payment of Railway Development Levy. So, whatever De La Rue (Kenya Limited) will import will be exempted from payment of Railway Development Levy. This is just to reduce the cost of printing notes and minting coins for the country, further making more savings. As we reduce the cost of currency printing through this measure, we expect the Government to make some savings.

Further, the Bill proposes to exempt from Railway Development Levy and Import Declaration Fee all goods, including material supplies, equipment, machinery and motor vehicles for official use by the Kenya Defence Forces (KDF) and the National Police Service (NPS). So, any equipment, material supplies and motor vehicle that will be imported by the KDF and NPS will, in future, if this proposal passes, be exempted from payment of Railway Development Levy and Import Declaration Fee. Why is the Government doing this? This is to reduce the cost of national security services in order to enhance security in our country during this period and, more so, along our borders. We know that KDF has done a very good job. They are making us safe from all sorts of external threats, and it is in the interest of our country that we build their capacity.

Finally, this Bill proposes, for the first time, to introduce something very important – a voluntary disclosure programme under the Tax Procedures Act – to allow taxpayers to disclose any tax liabilities they have for the last five years prior to or before 1st July 2020. This will enhance tax revenue collection through improved tax administration and compliance by the citizens in paying their taxes. In addition, this programme, which has been introduced even in the Budget highlights, is meant to provide an opportunity to taxpayers to fully disclose their tax liabilities in their books of accounts or records. This programme will run for three years and will provide relief from any penalties. So, we want Kenyans to come and engage with the taxman within those three years and disclose liabilities.

Hon. Temporary Deputy Speaker, this Bill contains other various amendments aimed at improving tax administration and enhancing tax collection. The minimum tax and digital service tax are contained in the Report of the Committee that has been tabled by the Chair. Let me also make it fundamentally clear that the Finance Bill is a money Bill. So, any amendment to this Bill

must be subjected to Article 114 of the Constitution. The Committee has already met - not once, not twice or thrice - in consultation with the National Treasury. So, the Cabinet Secretary for the National Treasury and the Committee, in their consultations, are the only ones, in most circumstances, who can bring amendments. Remember that if we bring a fundamental amendment, then the element of public participation will be lost and somebody can go to court and challenge such an amendment.

The Finance Bill 2020 proposes to amend the Public Roads Toll Act to enable persons who enter into agreements with the Cabinet Secretary responsible for transport or roads to collect road tolls on roads constructed and managed under such agreements. This will facilitate the use of Public Private Partnership in the construction of specific roads. This is very important because the Mau Summit Road is a PPP project.

For major highways where people can pay some little money like for that kind of road use, we need to have legal framework. The tolling aspect of the PPP in the construction and management of roads and the creation of the fund is an aspect that is contained in this Bill. There is also the flyover from Jomo Kenyatta International Airport all the way to Westlands that will be passing next to Parliament. I am sure it will help a lot of us escape from the traffic jam. All those public-private investments in the road network and tolling require a legal framework. I ask Members to pass the Bill so that, that fund is established and managed by the Cabinet Secretary of the National Treasury and the CS for Transport, Infrastructure, Housing, Urban Development and Public Works. The Bill has gone through public participation in both the Departmental Committees on Finance and National Planning and Transport, Public Works and Housing.

I remain with just two points. The Bill proposes to amend the Retirement Benefits and Capital Markets Authority Acts to enhance regulation of pension schemes and capital markets. There were two areas. One was on the pensioners. The Committee has agreed with the National Treasury that they will step aside on that one.

There are a number of other areas that the National Treasury and the Committee have agreed on in terms of whether it is the right time. Yes, it is not the right time. What do we do? We extend the effective date in the Finance Bill. You can say that the effective date will be 1st July 2021. I am sure all that will come when we reach the Committee of the whole House stage.

The Bill proposes certain amendments to the Retirement Benefits and the Capital Markets Authority Acts in order to enhance the regulation of pension schemes and capital markets in our country. As I second, allow me to thank the Committee for their commitment in support of this. The Departmental Committee on Finance and National Planning is just like the Budget and Appropriations Committee.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Hon. Leader of the Majority Party, please conclude.

Hon. Aden Duale (Garissa Township, JP): I am concluding. The Departmental Committee on Finance and National Planning is more like the Budget and Appropriations Committee. During this period, they are very busy. I am sure both Committees have done a wonderful job. I also want to thank His Excellency the President on the measures he has taken, including the ones in the Budget to cushion Kenyans and businesses against the adverse impact of COVID-19.

With those many remarks, I beg to second.

(Question proposed)

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Hon. Members, I see quite a number of requests. I hope that all the Members are here. Each Member has five minutes to contribute. Let us have the honourable Member for Dagoretti South to start us off. Hon. Waweru Kiarie.

Hon. John Kiarie (Dagoretti South, JP): Thank you very much, Hon. Temporary Deputy Speaker. The opportunity to contribute to this is not taken lightly. I appreciate it. I would also like to commend the Chairman of the Departmental Committee on Finance and National Planning and the Members for the work that has gone into this.

There are quite a number of things that can be said about this year's Budget. There is quite a lot that can be commended and quite a number of issues that need to be critiqued. I am really happy with the presentation that has been made by the Chairman, especially to the effect that the Committee is considering the issue of pensioners being taxed. We all know that the pensioners in this country earn just a fraction of what their salaries were. The pensioners in this country have people that they are taking care of. They have commitments. When we saw the proposal to tax pensioners, some of us made time to come here early so that we can add our voice to what the Chairman has said. It would be ill-informed for us, as a House, to move that we tax our pensioners.

There is a second issue that I would like to take up in the Finance Bill. This has to do with taxing of the digital economy. We know that we have been promising jobs to the youth of this country for years and years.

Finally, as a Government, this country has been unable to offer the jobs that it has been promising the youth. The youth have resorted to new and imagined technologies as a way of business. We have youth who are running online digital businesses. We have youth who have formed online shops on platforms like *WhatsApp*, *Facebook* and other digital platforms. In my view, it would be very wrong for us, as a House, to move that we tax this new digital economy because for some of our youth, it is the only thing that is left for them as a means of livelihood. As far as digital online content taxing is concerned, I stand to oppose that.

There is the issue of the Liquid Petroleum Gas (LPG)...

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Hon. Kiarie, just a correction. You have 10 minutes. Each Member has 10 minutes to contribute. There is an exception to debate on the Finance Bill. That is according to a resolution that was passed by the House in February. Go ahead, Hon. Kiarie. You can reorganise your thoughts to 10 minutes. You do not have to finish all the minutes, but it is important for you to know that you have up to 10 minutes to contribute.

Hon. John Kiarie (Dagoretti South, JP): Hon. Temporary Deputy Speaker, I am very well-guided. Thank you for highlighting that for me. I will just put my thoughts across. If there is some time left, I will be magnanimous enough to donate it to any other Member who will be keen to contribute to this, so that I can make time for more Members to contribute.

The two issues that I raised earlier were on taxing pensioners and the issue of the digital economy. Where we impose taxes on those two groups of people, we shall be punishing pensioners who are really busy trying to make ends meet. We shall also be punishing the youth who are trying to make a living out of new and emerging technologies, if we go on to tax digital platforms, the digital economy and any other businesses that are being carried out online.

After punishing our pensioners and our youth, we shall then be dealing a blow to the women of this country when we go ahead and increase the tax on LPG gas. We are at a time when we are trying to run big campaigns to convince our people that it is not prudent to use charcoal. It is not prudent to use firewood and all the incumbent health hazards that come with wood and

charcoal. How then do we, on one hand, tell Kenyans to not use charcoal and firewood and then go on and impose a very high tax on LPG gas? We are here to legislate. We know that the process of budget-making belongs to Parliament, but we are not here to punish our people. It is about time that this House came to the realisation that we are empowered as Parliament to constitutionally approve the tax variations that are being proposed. I believe that with a good and robust debate, we shall be able to attend to those matters.

Hon. Temporary Deputy Speaker, I would like to bring up the issue of zero-rating of flour. In every single Member's mind here, we all understand that flour is a staple food in this country. We have zero-rated duty on milk and bread. Milk and bread are consumed in urban areas. The staple food for every other Kenyan is flour. So, if we have zero-rated milk and bread which is the cake of the rich, then we have no reason not to zero-rate flour for the person who consumes *ugali* and *chapati* as his or her staple food.

I remember a Member stood in his place in this House and told us that this Budget is extraordinary for an extraordinary time. So, if we are making a budget for an extraordinary time, I would like to see us debate how we can zero-rate flour just as we zero-rate bread and milk for Kenyans.

I am in support of the Chair and the Committee. However, I wanted to put those three things on record so that it goes in the *Hansard* that we spoke about our pensioners, youth who earn from the digital economy and the women who shall be paying higher if we levy higher taxes on LPG. Finally, I also want to go on record that we can zero-rate duty on flour.

Much appreciated, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuyu): Let us have the Member for Alego Usonga, Hon. Atandi.

Hon. Samuel Atandi (Alego-Usonga, ODM): Thank you Hon. Temporary Deputy Speaker for giving me this opportunity to make my contributions to this year's Finance Bill. I want to start by saying that I support the Bill as presented by the Committee.

The Finance Bill is literally how the economy is going to raise the resources that will be used to fund the Budget. So, throughout my life in this Parliament, this is the first time we have a simpler and clear Finance Bill. I want to make a few remarks on three areas.

On Income Tax, I support the proposal to introduce minimum tax. There are very many businesses in this economy that run each year, but do not pay taxes because they make losses. While doing those businesses, they use the infrastructure that has been set up and funded by taxpayers. Therefore, it is very important that we normalize everybody in tax payment, especially on this line. So, the introduction of 1 per cent tax of turnover of each and every business is going to ensure that all businesses enjoying Government infrastructure pay for it.

The other thing is on the VAT Act. The Bill proposes to cut substantially tax expenditures. In the previous Finance Bills, there have always been proposals to create more exemptions. The exemptions, in a nutshell, have worked towards denying the economy the required resources that it needs to run on. The Bill proposes to substantially cut a number of those exemptions and, in the process, this Finance Bill is going to ensure that the economy realises more than Kshs10 billion of tax expenditure that is going to be saved.

Therefore, those proposals are very important because, as an economy, we have the Budget side which we need to fund and we must raise the resources to fund it. The proposal that is contained here of standardizing VAT on most of those items is going to help.

I also want to add that the Bill proposes to waive VAT on maize and corn seeds. This is very important because, in this era of COVID-19, one of the sectors that this economy is going to

rely on is agriculture. So, if we are going to allow our farmers to access seeds cheaply, especially maize farmers, it is going to help this economy. This is one of the proposals I support in this Bill.

The other proposal which I support is on tax procedures. There is an introduction of voluntary tax disclosure which is going to allow people with tax issues to come out and declare them, and then negotiate with Kenya Revenue Authority. This proposal is timely because in the past, Kenyans have complained about the manner in which KRA executes its tax recovery mechanisms. Even the President complained that KRA was being vicious in the way it was seeking to recover tax from people who have defaulted. A case in point is when we complained that KRA was being used to undermine local companies and hardworking Kenyans. Most Kenyans were very unhappy when companies such as Keroche were arraigned in court.

While we do not oppose criminal prosecution of tax defaulters, but KRA must employ other mechanisms such as what we are introducing here, which is going to allow them to engage tax defaulters and people who have tax issues. The KRA is going to talk to them and they are going to have a mechanism of payment. Personally, I have been opposed to prosecution of tax defaulters because, first of all, the Judiciary is not effective. If you take a tax defaulter to court today, the case will take 10 years. For a company that is being prosecuted in court, its output will not be the same as a company that is negotiating with KRA on those issues. Therefore, this proposal, according to me, is going to help even KRA to recover more taxes because the people who have tax issues are going to come out and engage KRA and discuss the issues. Even though this law has a period in which it will be applied, I plead that it needs to be extended so that it serves this economy for long.

Lastly, my colleague, the MP for Dagoretti South, has introduced a very important subject. I come from a *ugali*-eating zone. Luo Nyanza and Western are *ugali*-eating zones. Recently, I was in the village and I realised that *ugali* is very difficult to come by. The reason why it is hard to come by is because the price of maize flour and wheat flour is really high. In the sense of the argument which has been advanced that this Parliament has zero-rated milk and bread, there is no excuse why this Parliament should fail to zero-rate maize and wheat flour because this is what many Kenyans are eating. Even if you go to Central or any other part of Kenya, everyone eats *ugali*. It is our staple food. Therefore, I plead with this House that the Finance Bill, 2020 will make sense if we allow our people to access maize and wheat flour cheaply. Other than the fact that we are seeking to raise substantial revenues which we have addressed... If you look at the tax expenses which we have tried to create in the Bill, the proposals can be used to mitigate the expenses the Government is going to incur in meeting the cost associated with zero-rating of maize flour. This is something that is really going to help our people to eat and live with dignity.

I do not think that in this era, we, the Members of Parliament, can be sitting here to make laws and, at the same time, our people are dying of hunger. We will be doing nothing. So, we have to ensure that we protect our people and enable them to easily and cheaply access the staple food they like.

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

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Well said, Hon. Atandi. I am not sure with your statement about you coming from an *ugali*-eating zone it will not be debatable because most Kenyans will claim to be from *ugali*-eating zones. However, it is very well put. Let us have Hon. David ole Sankok.

Hon. David ole Sankok (Nominated, JP): Thank you very much, Hon. Temporary Deputy Speaker, for giving me this opportunity to add my voice on this very important Finance Bill (National Assembly Bill No. 10 of 2020).

At the outset, I do support this Finance Bill. I thank and congratulate Hon. Limo and his team for coming up with this very-easy-to-understand Finance Bill and for having worked very hard to make sure that it beats all the deadlines so that we can finance the Budget that we have just passed in this House. Without the Finance Bill, having a budget of trillions of shillings will be nothing and, sometimes, it will lead us towards, probably, borrowing more and having very high debts. However, if we put in place bills that will make sure that we collect enough revenue to finance our own Budget, it will be very good. That is why I congratulate Hon. Limo for the good work he and his Committee have done.

We also cherish those days, although I was not in the House when Hon. (Dr.) Kimunya was here as the then Finance Minister. The Cabinet Secretary in charge of this docket would be sweating if we had CSs within this House. That is why earlier, Members were proposing that the CSs should be part of this House. This is an honourable House which only allows Hon. Members to be within. So, it does not allow dishonorable or disorderly members and strangers from outside to be within it. So, we will live with this one until this issue of Building Bridges Initiative (BBI) and the referendum... I do not know, but was it in the reggae also?

Hon. Temporary Deputy Speaker, now going to the Budget, the cash transfer for severely disabled persons has been constant for a period of five years. The fund allocated to the National Council for Persons with Disabilities has been reduced year in, year out. This year, it has been reduced by Kshs59 million. The ultimate test of any Government is in the way it treats the weaker members of the society. People living with disabilities are among the weakest members of our society and so, we have to know how to cushion them.

Zero-rating of packed milk and bread, as Hon. Atandi and Hon. Kiarie have said, is for the rich. We should request the Departmental Committee on Finance and National Planning to come up with ways of zero-rating what is really needed on the ground. That is why they have talked of *ugali* and *chapati* which are products of maize and wheat flour, respectively. We should include rice because Hon. Atandi is coming from *ugali*-eating zone and Hon. Sophia, my Chairlady, is coming from the rice-eating zone. So, let us zero-rate what is really required by the weaker members of our society.

What we are saying is that those budget forces, which include the Finance Bill, are within the extraordinary time and require extraordinary measures. The extraordinary measures that we need are to cushion our citizens. The only way we can cushion our citizens is not to zero-rate packed milk because, Hon. Kiarie, it is actually the packed one that is zero-rated and not the milk that we sell in *chupas* like the Maasai milk down there. That is for the rich. Let us zero-rate what is required there on the ground.

I do support the 1 per cent tax on rental houses a 100 per cent because you cannot compare a building that is in Embakasi, Nairobi and a building that is in Entontol, Narok. You cannot compare the two in terms of the rent that is collected. Buildings in Nairobi fetch more rent because of the infrastructure that was put in place. This infrastructure is built through taxes. So, taxing rental income is an idea which we have seen in other countries which Hon. Limo had mentioned. So, even 1 per cent tax on rental income is still on the lower side.

Tax waiver on maize seeds and corn is very important because the backbone of our economy is agriculture. So, if we waive taxes for all agricultural seeds, and not only for maize, we can even go further to waive taxes on agricultural inputs. It will change our country in terms of improving the backbone of our economy, which is agriculture.

During this time of COVID-19, and because of rents and other bills in the urban centres, majority of our citizens have migrated to rural areas. So, now we have urban-rural migration

instead of the rural-urban migration. We can tap on this energy that is going to the rural areas by waiving taxes on agricultural inputs so that they can involve themselves in agriculture. This COVID-19 may actually turn out to be a blessing in disguise.

I also appreciate the Committee for dropping taxes on pensions because we cannot be giving monthly stipend to our senior citizens who are 70 years and above and, at the same time, tax the little pension that they normally receive. Every Member of this House will one day attain the age of 70 years and during that time, you will have retired and you will be having a lot of lifestyle diseases like high blood pressure, diabetes and so on. That is the time you will really need that money. Taxing of pensioners was not a good idea and I thank the Committee, together with the Ministry, for dropping that ignominious idea that they had introduced earlier on.

I am also happy about the express highways that will be built to the airport and other bypasses to Nakuru. Those roads will be built through PPP and we have seen this in other countries like the United States of America (USA). Most of the Members have travelled to New York. There are very good roads that are built through PPP and they only attract little fees. So, if you are in a hurry, sometimes, it saves a lot of fuel to use those roads.

In the same breath, Hon. Temporary Deputy Speaker, I want Hon. Limo to listen to me because he is very busy talking to Hon. Cheboi, the Deputy Speaker. I want Hon. Cheboi to listen because it is very important. In the same breath of PPP on express roads, let us also go to the Standard Gauge Railway (SGR) because, at the moment, the SGR has just reached Emurtoto. If we can have PPP so that we can extend that SGR via Ewaso Nyiro, Narok, all the way to Kisumu, then it will be a good idea. Taxation is mandatory if we want to support our Budget without much borrowing. That is why we support this Finance Bill.

Lastly, we need a lot of resources to be put to the weaker members of our society. If we do not tax maize flour and rice, it will trickle down to the weaker members of our society who cannot afford packed milk, bread, *et cetera*.

With those very many remarks, I support this Finance Bill 100 per cent. *Mia kwa mia*.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Hon. Member of Kathiani, Hon. Mbui.

Hon. Robert Mbui (Kathiani, WDM-K): Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity. I also rise to support the Finance Bill, 2020.

I want to begin by saying that this Finance Bill has been designed and put together at a time when the nation is going through many challenges. I think the CS and the Committee have had to balance between ensuring they raise revenue for the nation to fulfil its obligations, pay salaries, and ensure that development still goes on and, at the same time, deal with the idea of cushioning citizens and businesses during this period of Covid-19 pandemic which is generally all over the world. So, it is a very delicate balance. I think they have to balance. It is like walking a tight rope.

What has the CS done? First and foremost, he needs to raise revenue. What he has done is try to expand the bracket. I look at that idea of people who are paying Income Tax on rental income. I realize that it is not just an idea of reducing it from 25 per cent to 10 per cent for those who are paying rental income of up to Kshs15 million. I think it is really an idea of widening the bracket. Some of those who have houses and pay rental income of between Kshs10 million and Kshs15 million, maybe, some of them have not been caught. So, the idea now is to use the simplified taxation method which is simply a 10 per cent payment. I think that will help to ensure that more people pay their taxes. That is one of the ways he has used to ensure that more people come into the tax bracket and more people pay what they owe to the Government.

The other thing is on the Tax Procedures Act amendment that he proposes. I think the idea is to also ensure that those people who have not been paying taxes as expected, over a period of time, are brought into the tax bracket and they pay. In fact, he is talking about five years. The idea is to issue that relief as an incentive that, if one has not been paying taxes, he or she can now pay what he or she owes over the last five years. However, one will not have to pay penalties and there will be no interest on what one owes. So, I think that is really important. Considering that the proposal is to take it for another three years, that will help to raise quite a lot of money for the Government.

There are quite a lot of benefits that I have seen in the Finance Bill, not to forget that just recently, we passed another Bill which is similar to this. It was giving incentives that helped. The benefit that we received first was that the Income Tax was reduced from 30 per cent to 25 per cent. The Turnover Tax was reduced from 3 per cent to 1 per cent and the Value Added Tax was reduced from 16 per cent to 14 per cent. There are others, other than those incentives. Looking at the Budget, those incentives are costing the Exchequer about Kshs172 billion. That is about 10 per cent. So, there is need to raise more money so that we can cover that deficit.

What proposals has he further given to ensure that he helps the economy? One is that he is intending to protect local industries. How does he propose to do that? It is by ensuring that Import Duty is still charged at 35 per cent on imports for iron and steel products for a further one year. Again, he proposes that duty on paper and paperboard products, again, will be charged at 25 per cent for a further one year. In other words, he is ensuring that, if you are importing, you pay more for products that we can produce locally. That means local industries will be protected from international competition. He also proposes that there will be a charge of 25 per cent import duty on any leather product in order to protect that industry - the local leather industry and the footwear industry. I am happy because I come from the Machakos region and the Kenani Leather Industry is in that region. He also proposes to increase import duty on electrical items and accessories from 25 per cent to 30 per cent. Basically, the idea is that you are discouraging people from importing if you are increasing import duty. It goes together with the plan of ensuring that we buy local and build Kenya.

There is also the proposal to import duty free so that we can encourage local industry to import those inputs that we do not have. Those are inputs for mobile phones assembly. The world is going towards the use of telephones and mobile phones all over. Even when you talk about our children who are at home, many of them are using mobile phones even for their education. It is because many schools have gone into that technology because children are too idle. In fact, they have talked about over 4,000 students who are pregnant in Machakos County because of this business of staying at home. They are not going to school. So, it is important when mobile phones are more accessible. Then schools and teachers can communicate with their learners. Any input for mobile phones being zero-rated is good. There is no duty on inputs for the production of diapers. It is the same for inputs of making masks, sanitizers, ventilators and PPEs, those that deal directly with the fight against this Corona virus. I hope this does not go into the finished goods because a lot of this can be produced locally. So, it is important that it just be the inputs and not the finished products. Further exemptions from the Value Added Tax are on maize and corn and ambulance services. So, there is a lot of benefit that this Finance Bill has proposed to Kenyans.

The challenge that I see is in the imposition of the Digital Service Tax, at 1.5 per cent. My only concern with this is not about the idea to tax the digital economy. That is where business is being done. People who want to buy food do so online. People who want to pay for services do so online. Almost everything has gone online but, when you impose a 1.5 per cent Digital Service

Tax, the problem is that we are not giving a limit. It is important that we give a lower limit because there are some people, young people like some of our colleagues have said, who have gone into that industry or business as the only option to have some kind of employment. Some of them write papers on behalf of other people and the payments are also meager. It is important that we have a limit, a certain amount of money after which people can start paying. You cannot pay on everything that you get because then, we are not encouraging those young people to also benefit.

There is a Miscellaneous Fees and Levies Act. There is a proposal to exempt the Kenya Defence Forces (KDF) and the National Police Service (NPS) from the Import Declaration Fees and the Railway Development Levy. It does not make sense. On one hand we appropriate funds here and give the KDF and the NPS. Then when they do importation based on the money we have given them, they are paying tax on the same. They are using the same money to pay the same Government. It is the same thing like when we give money for the National Government Constituency Development Fund (NG-CDF). Then you give this money for projects management committees. Then, you tax them Value Added Tax. It does not make sense because you are just taking money from one pocket and putting it into the other. This is one of the things I think make a lot of sense and need to be supported.

I also strongly support the idea of Public Private Partnership (PPP) on the issue of roads. You have seen how people travel in the developed world. You will travel in comfort because, generally, you have to pay toll for some of those roads that are being supported by individuals. So, most of them would use public roads more, but sometimes people have emergencies and need to get to their destinations faster. It helps to expand the transport network. So, I also support that.

Because I can see my time has run out, I think I will just finally say that the idea the Committee has proposed on improving Value Added Tax refunds is a very welcome one. When you delay refunding Value Added Tax, it is just the same as having unpaid bills. It is important that we hasten the process so that people can get the Value Added Tax refunds and invest that money to develop the country.

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

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Hon. Kaki, Member for Kitui South, you have the Floor. Is it Kaki or Kakii?

(Laughter)

Hon. (Ms.) Rachael Nyamai (Kitui South, JP): Thank you, Hon. Temporary Deputy Speaker. It is Kaki and it means, "what for".

(Laughter)

We can talk about it later when I am not on the Floor.

Thank you, Hon. Temporary Deputy Speaker, for giving me an opportunity to add my voice to this debate. At the outset, I want to say that I support this Report. I want to thank the Chair and Members of the Committee. I also want to thank the Chair because he moved this Report in a very simple way. I appreciate the Leader of the Majority Party, who seconded, for focusing on issues that the Chairman had not talked about.

With regard to Income Tax, an area of interest for me was on levying tax on digital platform businesses. In this country, we use a lot of apps - like Uber, among others - and those businesses keep growing. But are they being domesticated? Are the people involved in this being registered?

The other question is the benefit that those who do the real business get. The tax of 1.5 per cent is reasonable but another Committee could look into whether those who drive those taxis are reaping the benefits involved.

Another area of concern to me was on exemption of taxation for corporate social responsibility. Beneficiaries of corporate social responsibility are schools and healthcare facilities, through which our people benefit directly. This is a matter of interest. I would like to thank the Committee and reiterate that it is important that we attract investors in the areas of education and healthcare, among others.

I am very interested in the matter on no taxation on pensioner's benefits. Most people who are getting their pension today were employed in the 1960s on low salaries and their take-home is quite low. If they are exposed to the current levels of taxation, they can lose quite a substantial amount of money. I want to thank the National Treasury and the Committee for making a decision of not levying tax on pensioners' benefits.

I have a lot of interest on Value Added Tax (VAT) matters. The cost of Liquefied Petroleum Gas (LPG) is directly related to the number of people cutting down trees. In Kitui, where I come from, people were cutting down trees and there were sacks of charcoal along the way. This, however, is not the case anymore because a 6-kg gas cylinder now costs between Kshs600 and Kshs900. This has allowed many people to move from dirty energy towards LPG. You must have seen me engage the Chair, who told me that this matter has been stayed for a year. This is a move in the right direction. It should not just be on LPG gas, but also on other equipment that are used in construction of facilities that ensure gas goes into the cylinders. This is a matter that is of great interest, and it is a move in the right direction.

(Applause)

I heard the Chairman talk about proper connection that will ensure that business people and investors declare their taxes in real time and collection is done in good time. This will ensure that the Government gets the revenue it requires and we remain fair to businesses.

The Leader of the Majority Party talked about a voluntary tax disclosure program. It is important to note that most business people, especially now with devolution in place, may not have proper understanding of businesses and tax returns. Voluntary tax disclosure program will give them an opportunity to consult. If they had been over-charged, they will have time to sort out those issues so that they are not denied tax compliance certificates and they continue with their businesses. I believe I understood that.

On Export Processing Zone (EPZ), the National Treasury and the Committee made a good decision that 50 per cent of production be sold locally at 2.5 per cent VAT. People working there are our constituents. With the challenges of import and export, if this 50 per cent goes to the country, then it will give an opportunity for our local businesses to tap into EPZ products. This will enable us do businesses locally.

Another area of interest for me is construction of roads through PPP arrangements and using toll stations to collect money. Those of us who have travelled abroad – and I believe many Kenyans have – must have seen toll stations. There is a choice of using PPP roads and paying toll or not using them and, therefore, not paying toll. It is a fair arrangement that will enable us to undertake many projects using PPP and collect money so that investing companies can pay themselves. There is also a catch here and it is important that the Committees involved in infrastructure are incorporated such that people do not give low rates so that they collect forever.

I want to state that the matter of Kenya Revenue Authority (KRA) collecting revenue is a welcome move. My time is almost over. So, I want to rush on this one because it is a matter of interest. The Report states that the KRA has enabled the Nairobi County to collect five times more revenue than what it used to collect. I chair the Departmental Committee on Lands and I have seen some Members of the Committee here. I want to state that the Ministry of Lands and Physical Planning collects a lot of money. This Financial Year, they were targeting Kshs16 billion. I imagine a situation where this Ministry is supported by KRA and is able to collect Kshs16 billion, which is five times more. I want to thank the Committee for a job-well-done.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Hon. Owen Baya, you have the Floor. Sorry, Hon. Baya. The Leader of the Minority Party has priority by virtue of the Standing Orders, unless he wants to donate his space to you.

Hon. Owen Baya (Kilifi North, ODM): Thank you, Hon. Temporary Deputy Speaker. This is a huge Budget and we have a big financing gap. As we discuss this Budget, we must focus on the existing financing gap. We collect about Kshs1.7 billion from taxes and our Budget is worth Kshs2.7 trillion. I foresee a scenario where we come back here to do amendments to raise money. Chances we can borrow from the domestic market are high, and you understand what happens to the economy once we do that. As we move to this Kshs2.7 trillion Budget, we must know where to get Kshs800 billion so that we can finance the many programmes that are proposed in the Budget.

I would like to congratulate the Committee for dropping taxation on pensioners' money. That is a move in the right direction. Pensioners earn less than what they are supposed to earn. We are now trying to put a tax on the earnings that they have. It is good that this has been realized and suspended, so that they continue to enjoy their pension.

Two, taxation of the digital economy is a simple economic principle. If you want to grow a certain sector of an economy, give it time to grow before you start taxing it. It is too early for this country to start taxing the digital economy, digital platforms and the sales on the digital market that happen online. For us to give the young people a chance to show their abilities, we need to encourage them and drop this digital economy tax that we are imposing at this stage. I do not think this is the right time. There is an adage that says timing is very important when making a decision. For the growth of this economy, we need to give the digital economy time to grow and we should not start taxing young people who have put some effort in trying to market and sell things on digital platforms. I urge that when we go into the Committee of the whole House of this Bill, we drop this tax so that we give young people an opportunity to grow this economy, then at the opportune time, we can tax them.

Third is on rental income. We saw the Leader of the Majority Party celebrating that we are now taxing less the rental income. He said that he hopes it will trickle down to the rent payer. However, I have learnt from some economists in this House that when you reduce an income tax, it does not necessarily go down to benefit people. It is just like when you reduce VAT on bread and hope that it will trickle down to the consumer of bread. When we reduce the income taxes on rental income, I do not think we have mechanisms to ensure that it trickles down to the people who are paying rent. In other words, we will be adding more money to those people who already have money. We need to look at other ways of raising money other than reducing the tax on rental income and hope that it will trickle down to the people.

The other important thing which I need to speak about is the 14 per cent on Liquefied Petroleum Gas (LPG). I hope we will drop this when we move to the Committee of the whole

House. As it is now, this country is suffering from drought. Many areas in this county have suffered severe drought. Trees have already gone. If we start taxing LPG, what is likely to happen is that people will revert back to charcoal. If we revert back to firewood and charcoal, the rate of desertification in this country will rise very fast. I hope when we move to the Committee of the whole House, we will drop the proposed tax on LPG. If you look at petroleum products, LPG has the highest tax right now at 14 per cent. Petrol and kerosene are not taxed that much. LPG affects so many households. Households that can afford Kshs500 and Kshs600 to buy LPG for cooking should be encouraged to do that instead of being discouraged. If not encouraged, they will instead go back to firewood and charcoal.

I would like to commend the reduction of taxes on ambulances and ambulance services. That is a great move. There are many people who suffer in their homes. They would have wished to get an ambulance to go to hospital, but the cost is prohibitive. To reduce tax on them is mitigating affordable health care and making sure that those who are sick can afford decent movement from their homes to where they will get medical services.

On taxation on home ownership saving plans, this country talks about affordable housing for everybody. It wants everybody to own a house or have money to buy a house. What we are doing in this Budget is putting a tax on home ownership saving plans. That counters one of the Government's Big Four Agenda on affordable housing. If we tax home ownership saving plans, it means, therefore, we are reducing the amount of money that a person will have to buy a house. That is not a good tax. I hope the Committee will look at it and see how we can remove it. It is a high rate of taxation. That is one of the things that we need to ensure that we deal with.

Lastly on Export Processing Zones (EPZs), the economy as it is, exports and imports have become difficult because of the Covid-19 pandemic. Our EPZs and the African Growth and Opportunity Act, (AGOA) treaty - which still exists - allows us to sell 20 per cent of what we have to the domestic market. But I can see a good move from the CS that, at least, 50 per cent of the EPZ products can be sold to the domestic market. That means securing jobs that exist within the EPZ and that will ensure that families have disposable income. While this Budget has given some good things to Kenyans, it has also taken away certain fundamental incomes that they would have. So, it is not likely for me to say that I support it 100 per cent, but I would say there are good moves in it and we can strengthen them when we move to the Committee of the whole House to ensure that Kenyans lead good lives. As we move from the Covid-19 season to non Covid-19 season, the country will be cushioned.

Thank you my able Leader of the Minority Party. You can take it up from there.

The Temporary Deputy Chairlady (Hon. (Ms.) Soipan Tuya): Hon. Baya, that is not for you to say. Something interesting is that I have seen people hanging masks in all manner of places. You have introduced one that is very comical.

(Laughter)

Let us have the Leader of the Minority party.

Hon. John Mbadia (Suba South, ODM): Thank you, Hon. Temporary Deputy Speaker for giving me this opportunity. This year's Finance Bill, 2020 is one of those Finance Bills that have few proposals of amendments to our tax laws. I think since I came to this Parliament, this is the most limited in terms of proposals to vary rates of taxes. It is interesting to note that we are coming up with this Bill with many changes at a time this country seriously needs revenue. That is something that, as we discuss this Bill as a House, we need to take note of. As I congratulate the

Committee for doing a good job and making various proposals to reverse some of the recommendations by the Cabinet Secretary, I hope that when we get to the Committee of the whole House... I must confess that I have not read the details of the Report of the Committee. What I did was simply to take the Finance Bill and analyze it. So, my contribution will be based on the original Bill without the benefit of the Report of the Committee. However, I hope the Committee has tabulated and calculated how much we are going to lose by making various amendments to the Finance Bill, so that we know as a country how much extra budget deficit the country is likely to have. When the Treasury talked about Kshs1.62 trillion as the projected revenue, it had factored all the proposals that are in the Finance Bill. I ask the Chair of the Committee that when we get to the Committee of the whole House, for each of those amendments, he should mention to us how much we are likely to lose by making them. That is the first comment I want to make.

Secondly, I have no issues with a proposal to amend the Residential Rental Income Tax to push the upper limit of the amount where the 10 per cent rate of tax is applicable from Kshs10 million to Kshs15 million per year. I would not have any problem with that. I think it is also beneficial to those landlords who are getting rental income above Kshs10 million, so that they pay a lower rate. Otherwise, any amount beyond Kshs10 million rental income was treated as any other income and, therefore, you were required to pay income tax, previously at 30 per cent but now at 25 per cent. So, this will be a relief, if those individuals were actually paying tax. The problem we have in this country is that a number of those potential taxpayers do not actually pay tax.

The issue of minimum tax has been canvassed and discussed in this House. I do not want to dwell on it so much. I want to move to the digital services tax. I want to disagree slightly with some of my colleagues who have not seen the merit in imposing this tax. Digital services tax is a consumption tax. My background in accounting, finance and taxation tells me that most consumption taxes are not as punitive because you only pay when you consume the service. And you consume the service when you can afford it. So, as much as we may want to protect consumers, we must also be alive to the fact that the Government needs money to function. There is no way the Government will be able to provide services, including the health services that we desperately need today, without taxing Kenyans. And we must agree that, sometimes, we must let go of some of the comforts that we have enjoyed previously. One may argue that charging 1.5 per cent of turnover may hurt irreparably because that may not even be the profit that those businesses make. That is the argument that I think can make sense. But just saying that digital services tax is not desirable, in my view, is disagreeable.

It is interesting that we are now telling Kenyans that it is no longer necessary to provide incentives to save for home ownership and we talk of affordable housing. In fact, we have told the Government a number of times that it is not the duty of the Government to provide housing to individuals. A good government should provide a platform and a favourable environment for individuals to own their own homes. It is not the business of Government to build houses all over the place for individuals. It is not even affordable for poor countries like Kenya. So, I do not understand the rationale that the Government now thinks that it is important to impose this taxation yet, previously, we had acknowledged that it is something that would be necessary to motivate more Kenyans to save to own homes.

Something that I think also needs to be looked at is the issue of subjecting some expenses to tax, like the issue of certain costs incurred for purposes of listing at the Nairobi Securities Exchange (NSE). We should not send wrong signals to the economy, and especially the financial sector. The intention may be perfect, but what message are you sending across? You are sending the message that now you are going to subject NSE to taxation because the economy is struggling.

So, it is important that we look at the message that some of those proposals send to the economy and the possible effects. In fact, one of the reasons why capital gains tax was a hot debate in this country is what message it was going to send. Actually, it was not that the capital gains tax is a bad tax. It is very good, because those who make money out of capital gains are rich people. Very few poor people invest in the NSE or even put up real estate. How many Kenyans get involved in real estate business? They must be serious people with good money. I do not think in a year I can deal in two houses. It is not easy for me and I am a Member of Parliament earning a decent salary. The message such tax sends is what has been debatable for quite some time.

My colleagues have talked about the proposal and the Committee has done very well in persuading the Treasury to drop the issue of taxing monthly pension of senior Kenyans who are 65 years and above. If there is one group or section of the society that is protected in countries all over the world, it is the senior members of the society. It is because those people offered active services when they had the energy and ability to contribute towards the economic development of the country. When they are retired, they want little disturbance. They want peace. Even making that proposal was discomfiting enough. I got several calls from retirees asking: "What is this? Are you going to subject us to taxation on the little that we get?" I want to urge the CS to never even make this proposal because it causes unnecessary panic among people who have conditions. Some people may lose their lives because of panic. Someone was getting Kshs30,000 and then, all of a sudden, he is being told he will lose Kshs5,000. You may cause death by the mere proposal. I would want to urge the CS to be careful not to even make such proposals in future. Just the other day, the Tax Laws Amendment Bill that was brought here, which is now an Act of Parliament, contained many of those proposals. And then, within a few weeks, not even months, you again bring the same proposals through the Finance Bill and yet our Standing Orders are very clear that when this House pronounces itself on something, six months should lapse before the same matter is brought back for reconsideration. Why is it that the CS finds it so easy to bring back some of those proposals hardly two months after we had discussed the same? It is not in good faith.

On the VAT, this is a hot topic almost every year. We discuss some items which are already exempt or zero-rated. If they were zero-rated, there are attempts to make them exempt or put them to standard rates. Hon. Kimunya, who is a renowned accountant in this country and has been a Chair of ICPAK and Hon. Ichung'wah and others - I do not know how many accountants are here - would tell you that zero-rating commodities is not a good idea. That is true. Because we are trying to cushion Kenyans, we bring zero-rating which is better than exempt. But exempt is better than standard rating. If we could have a system - and Hon. Kimunya has talked about this before and I agree with him - where we tax Kenyans normally and use the proceeds of taxation to cushion the vulnerable section of Kenyans, then we would have a more equitable society. We have a distorted system where we even have a problem of giving to the elderly and the vulnerable, that is, the ones above 70 years of age. It is difficult to determine and, therefore, we have to go this route.

Hon. Temporary Deputy Speaker, as I conclude, VAT on liquefied gas is not a good idea. I do not know what the Report says but, if it is not saying that we remove that, please, do it. Hon. Chairman, next week, when we will be considering this Bill at the Committee of the whole House, kindly, for every amendment proposed, please, bring the net effect in terms of the lost revenue. This is so that, as a country, we may know exactly what we are losing in terms of those amendments.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya CWR, Narok): The Leader of the Minority Party, that is well said. I am sure the Chair is noting each and every point coming

across. I, also wish to remind Members that the Leader of the Majority Party moved a Motion for extension of our Sitting time today. So, do not be anxious. You will have time to have your say on this Bill as long as you have expressed your interest.

At this point, I wish to allow Hon. Ichung'wah to have the Floor. At this point, I do not know what to call him exactly. Should I call him former immediate Chair of the Budget and Appropriations Committee or Chair *emeritus*? You know he has mid-wifed the Budget despite the tough circumstances. So, let us have him make his contribution.

(Hon. T.J. Kajwang' spoke off the record)

Hon. Kimani Ichung'wah (Kikuyu, JP): Thank you, Hon. Temporary Deputy Speaker. I can hear Hon. CJ, T.J. Kajwang' shouting, "former!" It is true, indeed. I am a Member of Parliament for Kikuyu and Chair *emeritus* of the Budget and Appropriations Committee. I am honoured, and I must thank my party and the people of Kikuyu for the opportunity to serve the country.

Let me add a few comments on the Finance Bill proposals. Last week, I mentioned that, increasingly, and being a constitutional democracy, the House has been abrogating its responsibilities and mandate given to it by the Constitution of our Republic. There are a lot of powers that were given to us as the peoples' representatives by the people of Kenya through the enactment of the 2010 Constitution. Particularly, I want to draw the attention of the House to Article 210 of the Constitution. We are elected as leaders to come and represent people in this House. I keep on emphasizing that point of us being the peoples' representatives. It is only in the State of Washington DC where there is taxation without representation. However, in Kenya, there must be representation with taxation. That is why elected Members of Parliament are sent to this House by their constituents so that even as they are taxed, they are represented. I am glad we are all here this evening to make sure we represent our people.

Article 210(1) of the Constitution on the imposition of tax was quite explicit: that no tax or licensing fee may be imposed, waived or varied except as provided for by legislation. That responsibility on imposition of taxation demanded is in this House. It is only this House that can legislate on matters to do with taxation. That is why Article 114 of the Constitution and even Standing Order No.114 are quite clear on questions about Money Bills that affect taxation and general matters to do with taxation. I say that with concern because we are increasingly seeing the Cabinet Secretary for National Treasury taking over the work of this House through the delegated legislation model of bringing legislation into this House. It is an issue that I raised when we did the Tax (Amendment) Laws. I think Hon. Kimunya is one of the Members who spoke in support of what we were saying; that we varied VAT regulations through delegated legislation.

I said that, that simple act of using delegated legislation to change the rate of VAT from 16 per cent to 14 per cent might be counter-productive to our economy. I indicated that our estimates, by the Budget Office, were that we could lose, at least, Kshs49.7 billion in three months. That, extrapolated to a whole financial year, is about Kshs200 billion and yet, we are talking about a country that is ravaged by floods, Covid-19 pandemic, our revenues falling and the economy really hurting.

I agree with what the Leader of the Majority Party was saying: That for every action, there must be a reaction. Therefore, for every revenue that we lose, we must be able to know as he was asking: How do we raise that money? We have already gone through the budget process. We have appropriated money. In the next few months, I foresee a situation where we may have to do a

Supplementary Budget, especially, after we passed whatever we passed in the Finance Bill. If we say we are losing this amount of revenue, which we had already appropriated as we will do in the Appropriations Bill immediately we finish with the Finance Bill, then we must find a way of raising that money. However, that does not mean we should abdicate our responsibilities as the peoples' representatives to the National Treasury. The people elect us to come and represent them here.

We must thank the Committee. If you are going to tax cooking gas, remember that we attracted everybody, including those who were using charcoal *jikos* and firewood, to start using cooking gas. We even went out to persuade people through the *Inua Mama* Initiative, the National Government Action Fund (NGAF) and other groups. Cooking gas is what our honorable ladies use back in our constituencies. We have given them Meko gases and then we come here to tax them for using cooking gas! We will be killing those people. We would be telling them to go back to the harmful *jikos*, paraffin stoves and firewood that they were using and, furthermore, damaging our environment.

Therefore, I want to support the Committee and agree with it that, indeed, we must not strangle our people anymore with heavy taxation. Raising revenue for Government does not mean overtaxing people. We just need to expand our tax brackets, raise more money, and be more innovative.

Moving on, there is the question of zero-rating. The Leader of the Minority Party has spoken about it. I want to support the Committee's recommendation. If we were able to zero-rate VAT on bread and milk, which we can do without, then we should be able to zero-rate *unga*. If you are not zero-rating *unga* and that is what is easily available to people, and that is what everybody...Hon. T.J. Kajwang' will tell you more about the politics of *unga* in this country. In the last elections, our own Jubilee Party did the politics of *unga* just like NASA. We set the price of *unga* low by subsidizing the price at Kshs90 because of campaigns. Today, we are confronted with a huge humanitarian crisis. Our economy is terrible. Our people have no money. They are confronted by a health pandemic. If we cannot subsidize the price of *unga* for them today and we were able to do so during campaigns, then...Therefore, we must zero-rate *unga* for the ordinary people. Our people are crying.

A few months ago, in the State of Minnesota, George Floyd, had that heavy knee of a policeman on his neck strangulating him. He was crying out saying: "I cannot breathe". Had the other three officers who were standing next to the policeman who was strangulating George Floyd even tapped the policeman and told him: "The gentleman cannot breathe", America would not be confronted with what they are confronted with today. We are in that situation in this country today. Our people are crying out to us. They are saying: "Unga! We have no food. We have no housing. Allow us to save without taxing us to be able to get housing". Our people are telling us: "We cannot breathe." Are we listening to the people of Kenya saying: "We cannot breathe?" On the other hand, are we cheering on as the heavy knee of Government strangulates our people? Today, as the peoples' representatives, we must rise to the occasion and ask the heavy knee of Government to be removed to allow the people of Kenya to breathe. Allow the Kenyan economy to breathe. Allow our country to get back to its feet in terms of economic recovery. We shall not do that by overtaxing the people in the midst of a pandemic Hon. Temporary Deputy Speaker.

Moving on to our young people and the digital services tax - and I have heard varied opinions present in this House but - I want to stand with very many young, well-educated, innovative Kenyans working as Information Technology (IT) techies in this country. Innovative young minds that we promised to go to school and they secure jobs. We have not offered them

jobs. They have used their innovations to create jobs for themselves. Today, there are young people downloading movies from Netflix and you want to tell them to watch that Netflix movie, now you have to pay. Please, those young people are saying: "We cannot breathe!" Let us allow them to breathe, Hon. Temporary Deputy Speaker. I want to beg, because of time that, when we get to the third reading, I will want to bring amendments to ensure, first, that we re-emphasize our role as a constitutional democracy where people are represented, and that there is no taxation without representation in this country. Whether it is on matters VAT or on matters Excise Duty, for you to be able to tax, you cannot use delegated legislation. You must bring those taxation measures to this House and allow the people's representatives to represent their people on matters to do with taxation and their lives.

With that, I beg to support the Motion and support the Committee's Report and commend the Committee on Finance and National Planning for having listened to the people of Kenya.

(Hon. T. J. Kajwang' interjected)

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Order, Hon. T.J. Kajwang'. He just referred to himself as Chair *emeritus*. So, he has accepted that. Let us have the Member for Funyula, Hon. (Dr.) Oundo.

Hon. (Dr.) Wilberforce Oundo (Funyula, ODM): Thank you, Hon. Temporary Deputy Speaker. At the outset, let me also take this opportunity to thank the Committee on Finance and Planning for the wonderful exposition to the Finance Bill of 2020. As we have always stated everywhere, there is a typical cliché or slogan, "no taxation without representation". We, as Members of Parliament, have the sacred duty to ensure that any form of taxation that is imposed on the people of Kenya receive our attention and contribution. When the Finance Bill, 2020, was gazetted or printed, we, Members of Parliament, received many comments or requests to intervene from members of the public on principally three items. I am happy the Committee has been seized of those three items and I hope when we go to the Committee of the Whole House, we will be able to address those three issues.

Hon. Temporary Deputy Speaker, the framers of the 2010 Constitution literally gave us freedom one way and curtailed it in another. The provisions of Article 114 relating to Money Bills says that before any amendment is made, it requires the concurrence of the Committee and that of the National Treasury literally limits the ability of Members of Parliament to play their constitutional role in making amendments to the Finance Bill or taxation measures at any time in the process. This is because it means if the National Treasury does not agree with you or if the Committee does not find merit in what you are proposing, however, meritorious it may be to the people of Kenya, those amendments are doomed. Perhaps, we might consider that debate when *reggae* resumes.

Hon. Temporary Deputy Speaker, allow me to make a few comments in respect of the proposals contained in the Bill. First, was the issue of taxation on LPG. I thought returning this particular aspect into this House was either unconstitutional or a breach of our Standing Orders. The law requires that any matter that has been dispensed with cannot be returned to the House within a period of six months. When we were making amendments to the tax laws in response to Covid-19, that particular aspect was brought and it was defeated. It caught some of us by surprise that, again, it is being purported to be returned. I am happy that the Committee has been seized of the matter and there will be an amendment to drop the same because imposing VAT or any taxes

on gas is going to damage our environment. We are moving towards clean energy. Returning to us to destroy our forests and by using charcoal and firewood was surely going to be a bad experience.

Secondly, Hon. Temporary Deputy Speaker, the issue of taxation of pensioners has also featured very prominently in the debate all over, knowing that while a mass of our pension is calculated based on your last salary; knowing that quite a number of people receiving pensions probably exited the Public Service or employment when salaries were very low; knowing that inflation has been rising and there is not any indexation formulae to up the budget to cover inflation, was going to be a bit unfair. We hope that when we go to the Committee of the Whole House, we will deal with that matter to allow our pensioners to enjoy the little they are getting in their sunset years without being over-burdened.

Thirdly, the issue that has also received a lot of support and concern is the Voluntary Tax Disclosure Agreement and the Tax Procedure Act as contained in clause 15 of the Bill before us. Many struggling businesses loath and fear KRA in equal measure. That is because the moment KRA lands in your office or business, however, small transgression you have made either intentionally or unintentionally, that could sound the death knell for your business. We believe this voluntary tax disclosure program will be run in such a manner to allow those who have had challenges probably in filing tax returns. And those who have had poor book keeping in the past will be given the remission they require so that they can resume their business and get the necessary clearance for instance, Tax Compliance Certificates, to allow them to undertake their programs.

Hon. Temporary Deputy Speaker, let me turn to the issue of Public Roads Toll Act and the amendments that are being made under clauses 21 to 26. It is a fact that the Kenya Government might not have enough money to undertake all necessary infrastructure and capital projects. The best way to go is PPP. In addition, for that to happen, the investors need to recoup their money. That is why this is a laudable move to create a National Roads Toll Fund to be managed under Section 24 of the Public Finance Management Act (PFM). We hope and pray that the usual stealing of public funds will not happen as has been with the other funds that have been brought forward.

Hon. Temporary Deputy Speaker, in the Standards Act, there is a re-definition of consolidators. As you are aware, there have been challenges with imports, especially small-scale importers, and the issue of counterfeit multi-agency - or whatever it is called - has literally crumbled or crippled businesses in the lower Nairobi. We hope that re-definition of importers will allow seamless importation of goods by small-scale traders to avoid a case of loss and high expenses incurred in shipping costs, insurance and the rest.

Hon. Temporary Deputy Speaker, as I conclude, two issues that seem to be very clear in our minds is the issue of Digital Services Tax. The young people seem to be very uncomfortable. The IT savvy people seem to be very uncomfortable. While it is necessary to expand the bracket of people and corporations that pay taxes to lessen the burden on any individual, there has been a continuous plea that this is a nascent economy and sector. They should be allowed a little more time to grow and understand the complexity. I am sure even KRA does not understand the complexity of that economy. It will be good for the Committee to consider delaying imposition of tax on digital economy for a few more years so that all of us can understand how it operates.

As I conclude, it is important to know that Kenyans have no problem with paying taxes. They are willing to pay taxes. I remember when Hon. Mwai Kibaki became the President, we had one clarion call: Pay tax to enhance our independence. Most Kenyans are willing to pay. However, they do not see the value for the tax. As my colleagues have clearly stated, Kenyans have got no jobs. There is no enabling environment to allow them create jobs for themselves. Any measures imposed to raise revenue must be done in such a manner as to allow the expansion of the economy

to allow people to get jobs in order for them to meet their expenses. As it is, the Finance Bill is business as usual with no innovation that can inspire economic growth. I am afraid that we will go back to the same endless story of Supplementary Budgets and the rest. We hope at one time, we will organize ourselves without using Covid-19 as an excuse so that we get back to the economic prosperity level that is expected of this country.

With those few remarks, I support.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Let us have the Member for Mogotio, Hon. Kamuren.

Hon. Daniel Tuitoek (Mogotio, JP): Thank you, Hon. Temporary Deputy Speaker for giving me an opportunity to contribute to this Bill.

Listening to the Chairman of the Departmental Committee on Finance and National Planning, I must say that they did a good job. For the first time, I am hearing some new innovations on digital taxation. The main problem with our Budget and taxation is about revenues. At the end of the year, we come back and say we never got enough revenue. I think this is an area where the Committee ought to be very innovative. As one of my colleagues has said, it has been business as usual. The usual ‘suspects’ have always been taxed but, at least, there are some innovations in this Budget.

I appreciate the withdrawal of taxation on pensioners’ income, which has been hurting our retired elderly people. The Coronavirus pandemic is already a challenge. So, we should not add another burden to them. I thank the Committee and the National Treasury for agreeing to do away with that taxation.

Secondly, the proposal regarding the EPZ, where the Government wants part of the products sold locally, will go a long way in strengthening our industrialization issues. I welcome the 50 per cent of those items on the local market. I am not sure about the 2.5 per cent Custom Duty. Maybe, we can re-visit that aspect. Erecting toll stations on roads is a new way of doing business. I have been to South Africa and China, where many roads are managed through toll stations at every 100 kilometres. However, as we introduce toll stations, we must be very careful to ensure that people are not over-charged on those highways. Also, there should be proper management of toll stations. The Government is also going to tax solar energy batteries and tractors. This is an area we need to look at properly because we might be negatively impacting the agriculture sector indirectly. We may be causing a reduction in food production in this country. Therefore, we need to re-visit the issue of taxing tractors and, maybe, explore other ways of generating the revenue.

Finally, the idea of levying tax on digital platforms is exciting. However, we should not assume that it is only the youths who are mainly engaged in this sector. That is not true. We have companies like Uber and others which are engaged in high business dealings with digital platforms. So, this is an area we need to look into because it has good money and can increase Government revenue. We need to revisit this issue because I think it is good. Let us not say it is targeting the youth. This is an area we can expand to get new revenue.

I beg to support. Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Hon. (Prof.) Oduol Adhiambo.

Hon. (Prof.) Jacqueline Oduol (Nominated, ODM): Thank you, Hon. Temporary Deputy Speaker for giving me an opportunity to contribute to the Finance Bill 2020. At the outset, I would like to thank the Committee and indicate it is clear in the Finance Bill that there is great focus to

address areas of improvement. This is not only the capacity of Government to raise revenue, but to enable it to match revenue collection and expenditure.

It is also of great joy that a key area like taxation of the retirees' income was taken into account and addressed. I agree and support the proposals because of the manner they are addressing the needs and seeking to look into them. I am seated in this Parliament as a nominated Member whose nomination by and large acknowledges the way society is organized. We should not only look at income issues given the manner in which we look at whether people are in paid employment or the informal sector, but also at the patterns of consumption

I acknowledge and respect the manner I have heard Members seek to get the National Assembly to take into consideration that when we tax, remove VAT or touch on matters that engage consumption such as gas and digital economy taxes, we make some very specific groups disadvantaged. It is clear as we have indicated that if we engage and implement LPG taxation on gas to some degree, women by virtue of their role and consumption will be particularly disadvantaged. Equally, when we look at the digital economy tax, the youth to that extent will be disadvantaged.

What I want to say in a way might be belated because it is three years to my being here in the National Assembly. I rise to persuade the Committee that as it looks at the Finance Bill or any other proposals, it wears lens. This has increasingly become a lot of a cliché. That is why I want to persuade the House and all of us to be aware of the manner in which we make proposals. This is particularly if we are making proposals on a fundamental area such as taxation or the needs of the general population and citizens as clearly indicated in this House. We should not shy away from what has been proved to be the manner that would enable us deal with digital economy taxation, not just when it comes to our attention that it is the youth and then we are dealing with digital economy taxation or that when we are talking about *unga*, then we think of the *unga* eating zones. As I thank the Committee and support the Finance Bill, I am seeking that when we look at the proposals that we make, we ensure every time we take account of how these proposals will affect the citizenry by virtue of the way that some members of the citizenry are male or female, women, girls, men and boys.

For example, let me speak to the minimum tax. I commend the Committee because I have seen that this is a proposal that is working and is one that has been found to be useful in other countries. However, what I note is that in those other countries, when we are going to talk about minimum tax whether there is loss or not, there has been consideration made that businesses must have been at a loss over a period of time. Significantly also when we are looking at this idea, then we will be seeking to look at the manner that all the businesses that are enjoying the Government infrastructure here in Kenya will not just be included in this taxation and, therefore, required to pay this minimum tax without considering the factors that could be leading to their losses. I feel that if we look at what I would want to see as gender lens, we might find that there would be circumstances where those businesses that would be suffering from a loss and which businesses we would then be subjecting to taxation by assuming that they have the same contextual experiences and access to loans, the kind of workload that they have, we would find that a lot of the businesses that might indeed have been making losses might be doing so because of the general structural arrangements. This is not only of access to loans in banks which we know we have continued to try to improve but also because of the kind of role, assignments and indeed that which might prevent them from getting the kind of success or profits that they would make. I would like to encourage the Committee to take this into account.

I would like to come to what I found very profound and powerful from the Chair as he highlighted a lot of important milestones or achievements or what the Committee has raised in this Finance Bill. He mentioned public participation and he indicated that the public participation and the stakeholder input was given a weighty and extremely important consideration. He indicated that the memoranda came in through the newspaper. I once again feel that this is good but I would like to encourage the National Assembly and the Committee that when we are considering public participation and a matter that we say we have this time sought to simplify, it will be useful to remember that there are modes of communication that will include, to a large extent, the category that I am thinking of this afternoon – the women.

As I conclude, Hon. Temporary Deputy Speaker, we are in the era and time of COVID-19 impact and the country is outraged that we have teenage pregnancies. They look at the figures and see that Nairobi has 11,734 and Kakamega 6,000. Because I see the light is red, I would just like to emphasize that it is not an accident that when people are confined, the girls' dilemma is different and painful, and requires a special lense as we look at it.

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

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Well said, Hon. (Prof.) Jacqueline Oduol. Let us have the Member for Tigania West, Hon. John Mutunga.

Hon. John Mutunga (Tigania West, JP): Thank you, Hon. Temporary Deputy Speaker, for the opportunity to add my voice to what my colleagues have been discussing this afternoon, in support of the Committee Report. I also thank the Chair, Hon. Joseph Limo, for ably presenting this particular Report in a very simplistic way that most of us were able to understand the content.

I know for sure that if we do not raise revenue, we may not be able to appropriate any money that we passed just the other day. So, there is need for us to raise revenue. As I listened to many speakers speak this afternoon, I was wondering where we will get money from. I looked at international trade as one of the ways that countries get money and yet this is affected too. I also looked at donors and philanthropists and they are all affected. In terms of taxes and levies, we have a serious impact because of the COVID-19 among other disasters that we have gone through. In terms of the changes in the money markets, we are negatively affected this time round. In terms of liquidation of assets, we still are affected. So, we may not have many ways of raising money and that is why, I am sure, the Committee struggled to find out exactly how we will raise revenue for purposes of appropriation. Remember the many proposals that we made in the Budget.

Hon. Temporary Deputy Speaker, I want to laud the Committee, first, for extending the brackets. What this basically did is to give some relief to low income earners. It opened up the brackets upwards for those who are struggling within the industry. That gives up the income tax limits that were given to the housing sector. When you look at the issue of corporate taxes, I agree that, indeed, it is a very important relief to those who do not even know how to file their tax returns on time and those who have not been able to declare their revenue to KRA. That 1 per cent of gross turnover is going to assist a lot in increasing the revenue that we are going to raise, therefore, helping us have more money.

Coming to the businesses that the youth are engaged in and especially in terms of the digital world, I would like to go for taxing the digital business. However, I would like us to apply the decree that we do not tax the businesses owned or run by the youth. So, exempt the youth and tax the businesses. That will generate some revenue and give leeway for the youths to continue being more creative. It will create employment, which we have not been able to do as a Government despite the fact that we are training, educating and discharging the youth into joblessness. I believe

that there is such a provision that exempts the youths. That is why I am saying: let us tax the businesses but exempt the businesses that are owned or run by the youth of this country.

Hon. Temporary Deputy Speaker, I would like to thank the Committee for avoiding taxation on retirement benefits. Retirees have already suffered a huge blow because they are not earning the much they were earning when in employment. In this case, therefore, it is important for us to look at how we can deal with the issue of supporting them even more. If our country was rich, I believe we could create facilities for the retirees to be comfortable, so that they can enjoy their final days in this world. So, taxing their benefits would be painful.

Taxing their benefits was painful. Wherever we went during our visits to our people, they asked us why we were going the way of taxing the little money that they get from the Government irrespective of how little it is and the commitments they already have. I would like to emphasise that not only do they have commitments of their own but some of them are already shouldering commitments of others who are related to them as they used to. What has changed is the scale at which they are supporting what they used to. Therefore, it is important for us to consider not taxing the retirement benefits.

I would like to bring out some contradiction that comes up in terms of the ceilings that we may make vis-à-vis the taxation we are coming up with. This country heavily relies on fuel for energy. Therefore, we are taxing LPG gas. On the other hand, we have also heavily taxed the equipment or the utilities that we buy from outside the country like the biogas burners and others which use renewable energy. It, therefore, means that the adoption of renewable energy option will remain low and we will also curtail most of the users of LPG. We need to look at the gains versus the losses. We are likely to lose a lot more firewood and that means a lot more of the forest in trying to increase our forest cover to 10 per cent so that we may be in line with the international agreements.

I would like to emphasise the point that voluntary disclosure of taxes is important for this country and for many people who have not been able to organise their taxes paid to the Government. Therefore, that gives us an opportunity.

When it comes to Economic Processing Zones (EPZ) and what we can get from them, that had been limited to 20 per cent. Many of us may not realise the importance of this. The fact that this is recognised and increased to 50 per cent enables this country to benefit from EPZ. What is produced at EPZ mainly goes out of this country. Therefore, increasing the accessibility to 50 per cent will help us to even improve the materials, textiles, apparels and the opportunities that we have to change and focus on buying and building Kenya.

In terms of public-private partnerships in infrastructure, we would like to have this as a test case because it might give us major relief in terms of financing infrastructure in future. When we have private partners establishing road or railway networks and, therefore, charging through toll stations, it will help us a lot. This comes in as a classical example of what we would probably adopt as a mechanism for developing infrastructure in this country. I support that.

I would also like to support the fact that this particular Report adheres very closely to Article 201 of the Constitution as read closely with Article 114 which looks at the pros and cons in terms of consultation, openness, accountability and public participation. We were given a list of so many institutions that have submitted their memoranda so that they can participate in the budget-making process. Even as we move in that particular direction, in the spirit of participation, equity, raising resources and sharing them across the country, we need to ask ourselves how our people are.

I want to point out the plight of our people in two ways. First, is in feeding our people. We are a nation that suffers from hunger ever so often. Our people are in the advent of COVID-19 because of what they need to eat. Putting a duty on maize flour is killing our people further. It is important for us to avoid taxing maize flour so that our people can feed themselves. On the other hand, when it comes to affordable housing, the principle of affordable housing speaks to the fact that we should have cheap and more accessible housing. When we tax any proceeds that leads to appreciation of housing, we condemn our people to live in polythene bags for a very long time. We do not need to go far but look at our neighbours. How many countries have their populations living in polythene bags apart from Kenya? That is serious on our part. As a country, we need to be careful how we manage these issues.

Finally, I would like to highlight that it is important for KRA to do business here, build capacity and move out and get revenue as it supports others. But as they build capacity and as they go out to share their skills and technical

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuyu): Hon. Dennitah Ghati.

Hon. (Ms.) Dennitah Ghati (Nominated, ODM): Hon. Temporary Deputy Speaker, I want to thank you for the opportunity you have given me to support the various proposals. I also thank the Chair, Hon. Limo. The people of Kipkelion East are very lucky to have Hon. Limo as their Member of Parliament. I find him quite knowledgeable on this issue.

As I support the proposals, I also want to say that the Finance Bill, 2020, is basically a very fair Bill. I take special recognition especially when it comes to the National Treasury dropping the component of taxing pensioners. In this time and era, we cannot afford to tax pensioners. If we look around, we realise that most of our pensioners do not earn a lot of money. Recently, I was watching on *Citizen Television* a story of a very old man who was getting a net pension of about Ksh20,000 but had accumulated a lot of debts. What he takes home after his repayments is a mere Ksh3,000. For me, it is a very great honour that the Committee and the National Treasury have dropped the proposal to tax pensions. I also have a memorandum that I had been given from the community of persons with disabilities in this country to present to this House. I am happy we are discussing the dropping of the taxing of pensions before I present the petition to this House. I am happy it has gone.

Persons with disabilities who are basically within the bracket are unemployed and unbanked and get little money. For them to be subjected to a tax at the end, it is something that should not be happening now. Currently, they were not even in the taxable bracket. So, why would that happen now when we are facing a lot of challenges? That is the major reason I would support the proposals and the Finance Bill.

The Budget of the country in respect of the people I represent, persons living with disabilities (PWD), has constantly remained stagnant. It is just a flat budget of about Ksh400 million. I do not know what plans we have to increase the budget for persons with disabilities in this country. Persons with disabilities in this country have consistent and persistent needs. When we talk about cushioning the vulnerable, who are more vulnerable in this country than persons with disabilities? They constantly require wheelchairs, care and many other things.

I would wish that even as we move forward to our next year's Budget, Hon. Limo may have to sit down and look at the budget that goes to the Ministry of Labour and Social Protection that basically trickles down through the National Council for Persons With Disabilities. It is a completely small budget that does not even meet the very needs for PWDs. I am making this case in this House because they have sent me to look at their budget and ensure that it does not reduce while other budgets increase. Look at the budgets that go to health. I know healthcare is huge in

this country, but the budget that goes to taking care of the needs of PWDs has constantly been the same. Sometimes it goes down and sometimes it just remains flat. So, we have never seen, as PWDs community in this country, a budget that is extremely fair to us. So, it is my humble plea that, as we move to next year's Budget, we engage the Chair of the Budget and Appropriations Committee to ensure that our budget goes up.

I support the Finance Bill simply because of the young people in this country. If the Budget proposes to waive taxation on businesses owned by young people in this country, then it is a welcome move. Looking at businesses owned by young people, they are not major businesses. Our young people, just like PWDs, do not have big jobs that can be taxed. They do *boda boda* businesses. I come from Migori County. From Migori to Rongo to Isebania border, where I come from, our young people are in the *boda boda* business or other small businesses. We must, as a country, create an atmosphere that will enable young people to get jobs and come up with businesses that are taxable.

Lastly, I also want to talk about the issue of minimum wage in this country. I want to link this issue because I have lived, studied and worked out of this country. Hon. Temporary Deputy Speaker, you and I were students at the Washington University. I was living in the other side of New York. You know that "minimum wage" is not defined very well in this country if we compare it with countries like the United States of America (USA), where one can say that you work for one hour and earn USD70 or USD80 or Kshs100. That is an issue we also need to bring on board so that, in this country, even the work that we do per hour, per month or per week is work you can quantify and equate to the amount of money that you really deserve. We do not have a serious framework that looks at the issue of how much you should earn compared to how much labour you put in. That is why we do not have a clear structure on how we can look at the issue of quantifying the work that we do.

Having quickly said that, allow me to say that I support the Finance Bill, 2020, especially on the issues of PWDs and taxation of pensioners' income.

Thank you.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Well said, Hon. Ghati. Let us hear Hon. (Dr.) Makali Mulu.

Hon. Makali Mulu (Kitui Central, WDM-K): Hon. Temporary Deputy Speaker, at long last I get an opportunity. I must thank you. I have been listening to my colleagues contribute to this Bill. A lot of good things have been said. I will try to just add value so that I do not have to use the 10 minutes. I will focus on areas that have not been covered by many Members.

Let me start by appreciating the Committee. The Committee has done a good job. I also want to appreciate Kenyans. From the list of those who sent input into this Bill, we can tell that public participation is very effective. I must thank Kenyans for having such interest in this Report and Bill.

Looking at the tax proposals, we must agree that the National Treasury, together with the Budget and Appropriations Committee, have done a commendable job.

Looking at the times and, these are very challenging times, it is very difficult to have such a very simple Finance Bill when we expect people to collect more money so that we finance the emergencies coming with the COVID-19 pandemic and other regular development programmes. When you look at what has happened, we really must say that the Committee and the National Treasury have done a good job. It is going to be very easy for Kenyans. When I was asked about this Bill, I said in simple terms that we did not have really major losers in terms of budgeting this

time. It is because some of the things being proposed here are very mild as a way of ensuring we cushion Kenyans from the effects of the COVID-19 pandemic.

Let me just comment on the issue of rental income in passing because it has really been mentioned. One of the basic principles of taxation is simplicity. It has been made very simple. If you are collecting a rent of up to Ksh15 million, just pay 10 per cent and forget about it. You do not have to do a lot of tax returns. Come the end of year, you do not require to do any returns and it becomes easy.

However, there is the issue of companies which are making losses being required to pay a 1 per cent gross turnover. This is a very complicated matter. Imagine a company is making losses and then it is expected to pay tax. I think it is something we really need to consider. I would want to see how much analytical work had gone into this. If a company is making losses and you tell them to pay a tax of 1 per cent of the gross turnover, the question is where does it get the money to pay? At the same time, you also need to ask yourself another question. If a company has been making losses year in, year out and it never closes, could it also be a situation of cooking books so that it does not pay taxes? To me this is really the issue we need to look at as we analyse this Finance Bill. I believe maybe the second point could be the most important, that companies are really playing around with their books of accounts so that they do not pay tax. So, when you bring up the 1 per cent of gross turnover, companies will most likely come out and start paying taxes.

On the issue of digital market, I agree. I listened to the Members talk about the youth being really disadvantaged. To me, I would want to hear more analysis on this where we can say out of that digital market, what proportion or share of that market is being occupied by the youth. If they are occupying only about 10 per cent, the argument about protecting the youth does not come up. For example, if you take Uber and look at the kind of money they collect because we have all moved to Uber, would it be fair not to tax Uber just because they are in digital market because you want to save the youth who might be getting only 10 per cent of market share? To me the most important bit is looking at the market share. If most of the shares go to the youth, then there might be need to reconsider taxation of that area.

When we analyse the Budget and we passed the Report of the Committee on Supply this afternoon, the issue is that the Budget must be funded. When we analysed during the budgeting process, we asked ourselves how come that we are having economic growth in this country every year but tax collection is going down. The question is on while the economy is growing, the expectation is that revenue collection should also be increasing. When you look at what is happening in this country, it is going down. Some of the reasons we were giving for not collecting the expected percentage in terms of GDP, one was tax leakages. When we say we are growing, we do not collect because there are so many holes where the money goes through. Even as we discuss this Finance Bill, the highest need is to make sure we minimise tax leakages on the revenues. That is so that whatever we collect is applied to the right development programmes. In that case we will be able to improve collection.

The second issue which came out was tax exemption. That is why I must thank the Chair, Hon. Limo, for saying that time has come when this country must reduce tax exemptions. Some of the items we are exempting from tax make us not collect the amount required. So, time has come when we must only exempt tax only on essential services and goods. I like the idea of people saying we zero-rate maize flour because that is a basic need and, we zero-rate kerosene or gas because that will help with issues of afforestation.

So, I think the whole issue of listing of items which have been tax-exempt needs to be relooked at so that those which are not essential, we take them out of that list and tax them and use

revenue collected to target vulnerable Kenyans. It is not fair to just have a blanket list where majority of Kenyans are enjoying yet they are not vulnerable. By doing this, you will improve tax targeting to help the country going to the right areas.

On the issue of Excise Duty, tax on alcoholic drinks has been reduced based on alcoholic content. We have been taxing anything above 8 per cent and it is now being reduced to 8 per cent meaning we are bringing more people on board. Students of Economics call this sin tax. There is no sympathy when applying sin tax. This is an option because you can decide not to drink and you do not die. The more you drink, the more you should be taxed so that you help Kenyans who are disadvantaged. The fact that you are bringing it to 8 per cent means that you are widening the bracket and more people will be taxed.

I want to make my last point so that other Members can also get an opportunity to contribute. If you want to collect more money in this country, you do not need to increase tax rates. We should bring more people into the tax bracket so that those who should be paying taxes and are not paying, can come in. We can tax more people and reduce tax rates. Kenyans can then enjoy reduced tax rates and increased collection because more people will be paying. If we go that way, our economy will grow and we will support our programmes. As I always say, taxation is a good evil and we cannot avoid it. Kenyans must be ready to pay taxes so that we grow our economy and welfare.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Hon. Amos Kimunya.

Hon. Amos Kimunya (Kipipiri, JP): Thank you, Hon. Temporary Deputy Speaker. I want to congratulate the Committee for a job well done. When you look at the proposals from the National Treasury, and the list of the stakeholders who appeared within the report, and the diversity of views, to get the balance right is no mean task. I want to congratulate the Committee for striking that balance in terms of saying that we can live with this, and this, we cannot live without. I believe the stakeholders will understand for now.

I am also very happy, as I listen to my colleagues and read the report, because there are some two pet projects that I was partly responsible for introducing into law; non-taxation of pensioners in 2007. In 2016, some provisions were added. For some reason, I am not sure who gave the impression to the National Treasury that they can now go back in 2020 to say that those who have been enjoying that benefit after working so hard for the country should be taxed. That is totally misinformed. I am glad that the Committee has proposed to delete it and we shall be here to support.

Similarly, on the issue of maize flour, we all know the sensitivity around it, and I am glad that the proposed amendment to Clause 12 will return that matter to *status quo*.

My other pet project was on the CSR projects. It happens everywhere; in the USA, whatever you donate to charity, you can claim tax rebate on it. Around 2007, we did extensive consultations that anyone who constructs public projects can recoup that money through taxation. This was to encourage foundations such as Safaricom, Chandaria and other companies to invest in public social projects rather than having to give tax and waiting for the Government to do those projects. This encouraged quite a number of them to do that. The National Treasury is saying from now onwards they are not going to do it. They are basically saying that they have had enough of the private sector investing in social work. That, everyone should pay tax then the Government will do it. That does not help. I am glad the Committee is saying we maintain the status quo. That brings in to question the issue of “we need money”. Somebody is being lazy at the National Treasury. He looked and said KRA can remove these exemptions to raise money without looking at why it introduced in the first instance. Has the rationale changed? If it has not changed, then

they do not need to rock the boat. They are taxing unga, pensioners and Corporate Social Responsibility (CSR) and the rationale has not changed. The message that we need to send to the National Treasury is that, as much as they need money, they should collect that money in a way that does not promote inequity.

When I look at Clause 33 - I know the Committee has commented on their Report - there is intention to change the agency fee that is payable to KRA by up to 2 per cent. That makes it a minimum of 2 per cent. The effect of that is that wherever KRA collects, they will be given 2 per cent as a minimum. That is at the national level. When it comes to the counties, it is worded “a maximum of”. So, of course there is an inconsistency between the two rates. For the county governments it is up to a maximum of 2 per cent and the national Government is a minimum of 2 per cent. I have had this discussion with KRA for a long time from the time I was in the Treasury. The issue was if they can collect more money, they will be able to finance their budget from a certain amount. They should not be dependent on the quantum of the money they generate. They have a fixed budget for salaries and other things. What we want to avoid – we have seen this happen especially in the public sector – is that, immediately you give a sector a minimum of a certain percentage, it ends up accumulating all that money and because free cash flows are available, they end up with pet projects that are not tied to the core mandate. We have seen the push and pull between the Central Bank and the Treasury. That, Central Bank is holding a lot money, can they surrender it to the National Treasury? They justify that by saying they want to do some projects. That is the danger.

I want to persuade the Chair that, even as we look for money, let us rethink whether we want to allow KRA to have a minimum amount that they would keep or continue pegging by not allowing them to borrow more than 2 per cent. If we allow KRA to have a minimum amount, that will allow them to increase their volumes. When you give them a minimum of 2 per cent and they satisfy their budget, why will they need to go out to increase the overall tax available for the nation? We could be shooting ourselves in the foot by guaranteeing them a safety net. They will not have to do anything more. But by pegging it on “not more than” it will mean they need to work harder to collect revenue, so that they are given more agency fees.

The other thing I want to urge the Committee – I believe Hon. Makali has mentioned it and one other Member – is the issue of the minimum tax. It is good to say we need everyone to pay tax, but we already have a taxation regime that allows companies to accumulate tax losses and recoup them against future profits for up to 10 years. So there are companies that are probably in their fourth, fifth or sixth year. If you say from tomorrow everyone must pay minimum tax, you will end up with two tax regimes that are total variants. Is this introduction of minimum tax administratively manageable or are we going to have cases after cases? If a company has accumulated tax losses of a certain amount and it has started making profit, it is supposed to recoup. All of a sudden, you are saying it must pay 1 per cent as minimum tax. You might as well treat them like the other companies within the turnover tax bracket of the first Ksh15 million. It is something that needs to be looked at before implementation to see whether it will lead to more administrative hiccups or whether it will actually meet the intended objectives.

I also want to reemphasise something. I have heard people saying this digital tax will hurt the youth and start-ups. If my reading of the Bill is correct—and from the Committee report I believe we are on the same page—this tax is meant for non-resident companies, not for Kenyan companies. Kenyan companies will pay the 1.5 per cent turnover tax, but they will have the opportunity of recouping that tax on their final tax bill. If you are already paying tax, it does not matter. It is not additional tax. It is just part of the tax but it will be payable at the transactional

point. We are going digital. And during this COVID-19 pandemic, we are all ordering food and all other supplies online. We are losing a lot of revenue as a country, and that revenue is accruing to companies out there. Let us support the Committee and the Treasury on this.

On tax amnesty, I want to appeal to taxpayers in this country, especially those who may have been caught by the demonetisation of the old Ksh1,000 note, to take advantage of this amnesty now that money is in the system. But I would want this House to pronounce itself to Treasury that this is the last amnesty. The more we keep saying there will be amnesty or creating the impression that even next year there will be an amnesty, then we are telling people not to pay tax and to wait for the next amnesty.

On tolls, I would want to ask that...

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Wind up in a minute, Hon. Kimunya.

Hon. Amos Kimunya (Kipipiri, JP): Thank you, Hon. Temporary Deputy Speaker. On the tolls, I would like to urge the Committee to discuss with the Departmental Committee on Transport and Public Works. Much as we are having the tolls because of the overpass, we need to capture this within the overarching law, the Public Private Partnerships Act. We should treat this as a temporary measure.

Lastly, we need to have Treasury at the earliest opportunity recalculate the deficit or the net effect of the Finance Act and the Appropriations Act and report to us by July. What is the net impact of what we have done with the Finance Act and the Appropriations Act? If there is a gap, we should be aware of it before the financial year progresses. I hope this House can make the resolution that we need to start the financial year knowing any net deficit or surplus arising from all the changes we have made to the two Bills.

Hon. Temporary Deputy Speaker, thanks for the magnanimity. I beg to support.

The Temporary Deputy Speaker (Hon. (Ms.) Soipan Tuya): Well said, Hon. Kimunya. Let us have Hon. Mboni Mwalika, Member for Kitui Rural.

Hon. David Mboni (Kitui Rural, CCU): Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity to say one or two things concerning this Bill. It is a fact that we are passing this Bill in a very difficult situation when the world economy as whole is facing challenges due to coronavirus. But we need to understand some of these proposals are made to expand the tax base. For example, the 1 per cent minimum tax on turnover.

On the 1 per cent levy on profits accrued from minerals, it is very obvious that some companies have been operating in this country for the last five to 10 years without declaring profits, and you wonder how they have been surviving. It is obvious, and people know, that a lot of companies which do not declare profits have two sets of accounts books. One set is for making profits and the other one for making loses. Therefore, they do not pay tax and yet they also benefit from public services and infrastructure financed by people who pay tax. It is, therefore, important for them to pay tax. The tax proposal in this area is that we are supposed to collect Kshs21 billion. So, let them also pay tax like other Kenyans.

On the issue of digital market taxation, this area is purely controlled by foreigners. Sixty per cent of this sector is controlled by foreigners. Only 40 per cent is controlled by Kenyans. As Hon. Kimunya said, this is deductible tax. You pay 1 per cent as a resident company then at your final tax returns, you deduct what you are paid as 1 per cent from digital service tax. More importantly, what we also need to think about are these foreigners – the non-resident companies do not pay VAT while our companies do. This then disadvantages our companies in terms of competition. Uber services are cheaper than any other service providers in Kenya. So, we need to

think of how to tax those services so that our local companies and the country can benefit. I was doing some calculations in this sector. The transactions are worth around Kshs130 billion per year. If we impose taxation of 14 per cent on these non-resident companies, we can collect Kshs12 billion annually from them.

On the issue of zero-rating maize flour, we are in a very difficult situation. In fact, if you go to Country Bus Station, you will see that most of the vehicles which have been ferrying people are now ferrying food commodities from our villages because people here cannot afford. If we can zero-rate milk and bread, which one can do without, then we need to zero-rate maize flour as well. So, I support that bit.

There is also the issue of VAT on spare parts of aeroplanes and helicopters. This sector is completely grounded. In fact, I was reading an article where the Association of Domestic Carriers estimates the costs of reviving the sector, in terms of buying spares parts and payments for aircraft servicing, in the tune of Kshs3 billion. In fact, they were requesting if the Government could give them soft loans so that they can finance those activities. Therefore, we need to think about how we can even create a fund to help this sector. This sector is very important. It helps us and the tourism sector.

I do not want to belabour the point but we also need to think of short-term and medium-term measures to reduce our Budget. We come up with tax proposals in order to finance the Budget. Our deficit now stands at Kshs800 billion. I was actually thinking of the possibility of creating a single treasury account at the Central Bank of Kenya, into which every parastatal and Government agency is required to deposit its excess funds. In addition, the Government can access that money to finance activities without even borrowing from the domestic market. Therefore, I think this is one thing that the National Treasury needs to actualize immediately because there is already a law and so it should be able to do so.

The second one is fiscal consolidation to reduce wastage in Government so that we can also reduce the deficit. Concentrate on all ongoing projects instead of bringing new ones. Moreover, in the end, we also need to think about restructuring and downsizing of the Government. This is because the Government is very huge. If you look at the county governments, 70 per cent of their budgets go to recurrent expenditure and only 30 per cent is going to development expenditure. Therefore, we need to look at how we can downsize the Government so that we can have more money for development.

The other measure is to reduce tax expenditure. The tax expenditure in this country stands at 6 per cent when the global one stands at 3 per cent. Therefore, if we can reduce the incentives, exemptions by 3 per cent percentage point, we will be able to save over Ksh300 billion. That is money which we are even asking foreigners to lend us. Therefore, we should look at that and reduce it so that at least we can get money.

*[The Temporary Deputy Speaker
(Hon. (Ms.) Soipan Tuyu) left the Chair]*

*[The Temporary Deputy Speaker
(Hon. (Ms.) Jessica Mbalu) took the Chair]*

The last one is funding of the KRA. Since I am a member of the Departmental Committee of Finance and National Planning, the many times we have met with KRA, they have given us the impression that they are actually underfunded and, therefore, they cannot beat their obligations.

Disclaimer: *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor.*

We need to fund KRA but also KRA needs to adopt Information, Communication and Technology (ICT) systems in tax collection because people have moved from the traditional way of doing things to digital. Therefore, KRA needs to move from that. However, even when you look at the tax revenue as a percentage of GDP, it has been declining since 2013 when it was 21 per cent. Now it stands at 16 per cent. This means there is a lot of revenue which is not being collected.

So, with those few remarks, I support the Bill. Thank you.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Very well, the Member for Kitui Rural. Next on my request list is the Member for Ndhiwa, Hon. Martin Owino. You have the Floor.

Hon. Martin Owino (Ndhiwa, ODM): Thank you, Hon. Temporary Deputy Speaker. I really appreciate this time to contribute to this and I want to thank the Committee chaired by Hon. Limo. I do know that we are looking for money to service our Budget and we are looking for money from people, corporations and companies. However, it is true that the country is so distressed at this moment. Household income, even businesses are down. However, I want to say something here, which is a bit off from what many people have been saying. One, nobody should ever think of taxing retirees because life has majorly four quarters. Quarter one is the year one to 25; you struggle with your life and grow. You pursue education. Quarter two is 25 years to 50 years where you try to raise a family and work. Quarter three is 50 years to 75 years and that is where all these retirees fall. In that quarter it is only where people nourish; the wheel of life, diseases like diabetes, hypertension, cancers and all that are found in that quarter. Therefore, you cannot ask them to pay taxes again when they have been paying all their lives. So, whoever thought about that in the National Treasury is really sick.

I think the voluntary taxation is a good idea because it is going to reduce corruption or chasing people here and there causing anxieties, cat and mouse games. That is a good thing to do so that people can come voluntarily and pay their taxes which they had lapses on.

Thirdly, the toll fee. Many people have alluded to this matter. It succeeds in developed countries because of the proper usage of those toll stations. Here, we have a history of toll booths where people would make their own receipts, collect money and you would never see them. So, I challenge the Departmental Committee on Finance and National Planning to define this properly. If it is Public-Private Partnership, then it should be defined. Is it about a government agency and a private company, or is it just a public affair? How that money should be handled must have a framework. Otherwise, we have lost money and commuters have suffered. Once you are using those structures you will have to pay directly or indirectly. The fares will go up at this time of COVID-19 after the project is finished. It will be very difficult for people to manage.

The other point is on the EPZ. It is a good idea but I am not for the 2.5 per cent taxation. People buy used clothes because they are cheap even though that kills our local textile industry. This time clothing has become a secondary issue. People are crying for food and so if you put a 2 per cent tax on what you want to give them, even those who are in business will add something and the clothing which we are beautifully manufacturing in this country will be beyond their reach. So, I suggest we do 1 per cent for people to afford.

The digital taxation is a good thing. When you pay for using digital platforms, the money you pay to the Government should be ploughed back to help in developing infrastructure. For example, I have opened ICT hubs in my constituency. However, the power fluctuations, the lack of internet, and the poor road networks are not supporting the idea. So, when people pay, let that payment come back to ease the cost of doing business in form of infrastructure. So, it is good, but how we use our taxes is where the problem is. I hope as we try to raise revenue, Chairman of the

Departmental Committee on Finance and National Planning, will have in place a framework that will see how the money which is collected is ploughed back to where it is collected from. That way, we will enable production.

Exempting taxation on ambulance: an ambulance is not just a metal moving machine. It is loaded with commodities and supplies. I would like to see all medications exempted. Right now, for all those suffering from diabetes, cancer and such other cases, the cost of their medication is too high because there are taxes on the medication. As a Committee on Health, we were surprised that there is tax even on testing stripes. So, let us look at the view that pertains to ambulatory care or evacuation emergency holistically. Let medicine be exempt from taxes so that people can get relief quickly.

The issue of people earning Ksh15 million on rent and paying 10 per cent is okay. However, you will agree with me that as they pay all these, the infrastructure around where those houses are, such as roads may be having the largest potholes you have ever seen. Where do these monies go to? Why can they not improve where all these taxes are being collected? It is the same thing with the ICT I mentioned. So, the issue of paying taxes is one and using those taxes is another.

The issue of paying taxes is different but, the use of those taxes is an issue that should be looked into carefully. On the zero-rating of *unga* and rice, I think this has been talked about enough I should not repeat.

I want to talk about CSR. The idea of CSR is to improve or have a positive impact in a society where you are doing business. But some corporates are doing the opposite. I have one in my constituency of Ndhiwa which is known for destroying roads and polluting the air. They have been building a simple dispensary for the last seven years. So, even as we given them tax exemption, we should look at what they have done in the areas they do business. If they are not doing much, they should be put on heavy taxation and compensate for where they are doing business.

The issue of 1 per cent taxation does not make sense. For a company to make losses for several years, there is no way it will be in business while in a losing spree. A Member has said they are cooking books and that could be true. If you do not make profits, you have no reason for doing business. So, if we say those companies making losses will be paying 1 per cent taxation, then we will encourage companies to report losses in order to pay the minimum. So, this should be changed during the Third Reading and I will raise it again.

Lastly, I want to encourage all of us to look in another direction. Raising money does not mean collecting more money from people. But it means cutting expenditures and using our resources frugally. I want to urge the Executive arm of Government which we give money that frugal use of public resources is as good as raising more money.

With those, Hon. Temporary Deputy Speaker. I support.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Very good debate Member for Ndhiwa. I am sure you know the procedures and can raise your concerns in the best way during the next stage of the Bill. Let me have the Member or Molo, Hon. Kimani Kuria.

Hon. Kimani Kuria (Molo, JP): Thank you, Hon. Temporary Deputy Speaker for according me this opportunity. I sit in the Departmental Committee on Finance and National Planning led by Hon. Limo.

Out of the two Finance Bills we have done before, this was the trickiest one. At one point we were looking at the suffering of Kenyans. We wanted to have a budget that will revamp our economy and collect money that will ensure we protect the vulnerable from the effects of COVID-

19. Also, when we reopen the country, we want to ensure it moves forward. At the same time, we do not want to overburden our citizens with more taxes and squeeze the blood and water left in them. I must admit that this was a very tricky Finance Bill but through our collective effort we got where we are.

From the outset, I want to say that majority of Kenyans would like to pay their legal obligation in terms of taxes. They are willing to do so. But what pains them is when a person who earns Kshs40,000 and pays PAYE because it is compulsory, gets to hear of someone else who has not paid millions and billions of shillings of taxes, and that money is not being prudently spent by the Executive.

The Executive must ensure that the money collected from Kenyans is well spent. When that happens, people are going to be willing to pay much more to KRA because they can see that they have better roads, they do not have power outages and the money that they spend is being used prudently.

A lot has been discussed about the digital services tax and there are things I would like to demystify. This tax is meant for non-resident companies. I will give an example. The biggest taxi company in the world is called Uber. This company does not own any vehicles in this country. They are not even a registered business enterprise in Kenya and yet you can see how they came, destabilised and really took over the taxi business in Kenya yet there was no place for us to touch them and tax them. They are not a registered company in Kenya and so they were not paying taxes for all this time and yet they drove out drivers out of business. We are saying that those corporations that are outside there that generate income from Kenya through these digital platforms, then they must pay taxes from that income. If they are paying taxes they do not need to get worried because that tax can be offset when they are filing their returns at the end of the financial year. So it is not an additional tax whatsoever. If you are paying your correct taxes you do not need to be worried. There is the discussion that it is going to lead to some loss of jobs. I am tempted to believe that this will even increase some of the jobs that we have and create more jobs.

Let me give an example. Go to some online platforms like Alibaba or Amazon, which are the biggest supermarkets in the world. Majority of Kenyans have realised if you want to order a book, computer, phone or whatever else you want, if you order from those sites and it gets shipped to the country, then you realise that that television set that would cost Ksh50,000, you have saved your Kshs10,000 or Kshs15,000. Some of these platforms have free shipping. You do not even pay any cost for shipping. Therefore, that person who is paying rent at River Road, Kirinyaga Road or wherever else does not get to compete on price on this particular product. That is why we are saying these digital platforms that are doing business in Kenya must pay their correct value of taxes.

The KRA has been relying on traditional means of collecting taxes. That is why year after year it never achieves the target. People have moved. You find people now hardly carrying cash. You either swipe your card or pay via M-PESA or the other mobile platforms and yet the KRA has relied on the traditional ways of following up on defaulters. That is why the Committee was asking, could we increase the budgetary allocation of the KRA so that they can invest in vibrant technology systems that will even catch a lot of money that is out there that is not taxed? I will give you an example, Hon. Temporary Deputy Speaker. If you spread hate speech now on any of the social media platforms, you will have the National Cohesion and Integration Commission (NCIC). They have systems that will check which word you have said that is against the Act and they even come and arrest you where you are. Then how come KRA still relies on postal addresses when they want to summon you to pay your taxes? How come that they even rely on very old ways

of trying to find out how much money you are supposed to pay as your tax obligations? We have people here in downtown whose sales in a day are in millions of shillings. People have hardware businesses. They appear like small items but the value of the property they sell is in millions and yet that income is not captured anywhere in tax system. So, you find them having a lot of money. They are not paying taxes and that person who is earning a salary as little as almost Kshs20,000 – except that we passed a law to exempt income tax for incomes less than Kshs25,000 – is paying tax. That is why we are saying let us increase budgetary allocation to the KRA and task them to invest in real measures that are going to ensure they net those people who are not paying taxes and they ensure compliance so that we have enough money to support the economy.

A lot has been said about the issue of tax exemption and zero-rating. I have said on the Floor of this House several times that we need to have a predictable business environment that shows this financial year we are zero-rating this. It is sad that the exact product, in less than 12 months, sometimes even before the gazettelement of the effective date, we take it back to tax exemption.

We are now going to take maize and wheat flour back to zero-rating so that we make this business environment predictable so that if you are going to open a milling factory, you can be sure of the amount of money you will be paying in terms of taxes. But, again, two months down the line, you are forced to close down because there was a change in tax laws you are not even aware of.

Hon. Temporary Deputy Speaker, on road toll tax, it is very important that people pay for the services they use. That is one of the principles of taxation. So, if I am going somewhere and I want to go at a particular speed, let me be allowed to go at that speed, using the road that will take me to my destination quickly. If it means paying more and I am willing to do so, let me do so rather than tax a *boda boda* rider who uses a bad road, to construct a highway he will never use. So, those who want to use those highways should pay for them. Again, you can claim that the bureaucracies involved in paying for that tax is so much that you end up building a highway that no one uses, and the people who should use that highway end up congesting it with small users from the other roads.

In developed countries, such highways have cameras that record the registration number of your vehicle, which is linked to your bank account. The tax that you are supposed to pay for using that road is deducted automatically from your bank account. That is the model we hope will be used on those highways, so that even if one does not have a bank account but he wants to use such an express way he can pay for it from his pocket.

With those remarks, I support the Finance Bill.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Very well, Hon. Kuria Kimani. Let me have, Hon. Nasri Ibrahim.

Hon. Members, please let us avoid repetition, pursuant to our own Standing Orders. It is not even a must for you to use your 10 minutes. You can say less but off course, with value so that we can observe the Standing Orders.

Hon. Nasri Ibrahim.

Hon. (Ms.) Nasri Ibrahim (Nominated, FORD-K): Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity.

The Finance Bill proposes a new tax known as the minimum tax that has its own complication for small-scale traders, *jua kali* artisans, other small businesses and *mama mbogas*. During these trying times of COVID-19 whereby the economy has collapsed, it will take time to revive the economy. It seems as if we are discouraging our own people from doing business. If we

introduce this tax on small-scale traders, they are going to lose hope and abandon the businesses. They cannot pay for the business premises and pay workers, and this will have a negative impact on fellow Kenyans.

Recently, I saw some youths whose businesses were blacklisted simply because they were late in paying taxes. Are we encouraging our youth to do their businesses or discouraging them? By doing this, we are encouraging the youth to become thugs. That is why we have a lot of insecurity in this city. I discourage taxation of small-scale businesses. Unlike instalment tax, which is an advance tax, the Minimum Income Tax has not been specified. I do not see why they call it advance tax that can be applied against the future of liability.

Hon. Temporary Deputy Speaker, the other issue I want to talk about is the proposal to tax income earned by financial institutions, fund managers, investments, banks and building societies, with respect to home ownership plan deposit. This will reduce the income available for distribution to depositors as interest negatively impacts their ability to purchase homes and adversely negates the efforts by the Government to promote affordable housing in the Big Four Agenda.

The other issue I want to comment on is the tireless men and women who serve our country and who upon retirement are forced into unprecedented economic challenges. When you introduce tax to an old person who is already struggling with life, you are making him more of a peasant. That will frustrate even us senior civil servants and politicians. When you retire and the small peanuts you are getting from the Government are taxed, you end up losing your house and are unable to pay your rent and bills. That will really discourage the old people from retiring.

I support the Bill.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Very well. Let us have the Member for Ijara, Hon. Noor Sophia. You have the Floor.

Hon. (Ms.) Sophia Noor (Ijara, PDR): Thank you, Hon. Temporary Deputy Speaker for giving me this chance to contribute to the Committee Report.

First, I would like to appreciate the Committee for the work they have done and what they have presented to this House. You told us not to repeat but with your permission, I want to repeat because I was sent by elders. I went to my constituency and after I finished my business, I met with 20 elders. They called me. We had a session where we had a discussion. One of the elders who was representing the entire group was about to break down and cry. He was talking about issues of retirement benefits. I appreciate the Committee very much, including the Cabinet Secretary for dropping the taxation on retirement benefits.

I promised them I must say what they told me. They told me that when they were young and had a lot of energy, they worked for this country. They laid the foundation that we are enjoying today. Those were the words of an 80-year-old *mzee* in this country. He said that in other countries, people respect the seniors. They have social amenities. They have affirmative action for the seniors and they give them an enabling environment to live out their remaining years. I am saying this because I promised that old man who is 80 years old to say what they told me. The Committee was very wise to drop that bit because there was hue and cry. Kenyans were crying all over. Elders were crying. Thanks to the Committee for dropping that.

I just want to talk about LPG. It is really helping the environment. We have seen small businesses and the local communities introducing LPGs in this country. We have started reducing the cutting of trees. Our environment has improved so much but still taxation of the LPGs is a problem. The other problem with LPG business is when you go as a customer to one of the LPGs and buy your gas cylinder, there are restrictions and conditions that you can only get gas from that particular place where you bought the gas cylinder. That is challenging to the women and the

businesspeople from the grassroots when the supplier of the same gas cylinder is not at their small centres.

They are small centres and there are others at their doorstep but cannot sell to them. This is my property. I can wear my t-shirt the day I want and remove it the day I do not want it. When I have a gas cylinder that I bought at about Ksh5,000 or Ksh6,000, and you restrict me that I cannot buy gas from another shop which is about 10 metres from my home and make me to take a *matatu* and travel about 20 or 30 kilometres to look for it, then that becomes a problem. We must look into that as we try to see how we can promote our businesses and small business community.

Hon. Temporary Deputy Speaker, we must be very creative in trying to raise resources for the country. We are looking at traditional ways of raising resources and we do not want to think out of the box. We just want to go round in circles trying to look at where to raise resources from and leave things that can really bring resources to this country and transform it. We are not investing in the mining industry. We have a lot of natural resources in this country. The mining industry has a potential of financing our Budget alone. But we have closed our eyes and we do not want to invest where investment is required.

Another sector we are not investing in heavily is livestock. We have a lot of livestock in this country more than Botswana. Botswana finances its budget from livestock and livestock products. I would like to ask the Departmental Committee on Finance and National Planning to look critically at those issues and suggest to relevant authorities on how to improve sectors from which we can raise a lot of resources to finance our Budget.

As it is now, we have a lot of resources that are not managed well. There is a lot of wastage and leakages. If we can close the leakages and the wastage in Government, we will be able to save a lot of resources that we can use for other emergencies that may face the country in the future.

Exempting ambulances from taxation is a good thing but health services in this country have been a huge problem. It is very expensive for one to become sick. We have seen people who have sold their houses and everything and are now very poor because they have one person in the family who has been sick and they have used all their resources to finance treatment. So, I request that we should not look at ambulances only. Ambulances are a small component of the health services. Let us look holistically at health services. For example, on cancer patients, all cancer drugs are taxed. We have many people in the country suffering from cancer. In my constituency, the number of cancer cases are unbelievable. The Departmental Committee on Finance and National Planning and the Chair should not only look at exempting ambulances from taxation. They want to make us happy with ambulances when I know four people in my family are very sick and it is very expensive to treat them. So, let us look holistically at all the health services and let us have zero taxation on health so that we can reach out to people who are vulnerable and cannot afford health services and health insurance.

I am very happy for the exemption of duty on Kenya Defence Forces and police service equipment, materials and machinery. Let us not just look only at those two departments. Let us look at all Government departments that offer services to the country. If we say that we are giving money to the Ministry of Health to buy vehicles and the same money is being taxed then we are giving money with one hand and taking it with the other. If we do so, we will not be able to give adequate services that this Government is expected to give to Kenyans. When it comes to exemption, let us look holistically at all the Ministries that are giving services to this country; be it health, education, water, irrigation and so on.

I can see my time is running out. I want to conclude by talking about issues of roads and highways. When one of the Committee Members was contributing right before me, he said that

the *boda boda* persons contribute to the construction of highways yet they do not use them. I agree with him 100 per cent. There are people who are down there in their villages with their livestock and are contributing to construction of highways that they do not use. So, we must be very careful in resource distribution and allocation.

Thank you, Hon. Temporary Deputy Speaker. I support and urge that those concerns be taken care of.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Well said, Hon. Member for Ijara. Let me have the Member for Seme, Hon. (Dr.) Nyikal Wambura.

Hon. (Dr.) James Nyikal (Seme, ODM): Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity. Let me also start by appreciating the work that the Committee has done because this Finance Bill is coming at a time when we have a very serious economic challenge arising from the pandemic. So, we are in a situation where we actually have a big budget deficit, so, we need to get taxes so that we can bridge the gap. At the same time, we must struggle so that we do not overburden our people who are already overburdened by the effects of the pandemic. So, I appreciate the work that they have done.

I will not repeat what has been said, but I will comment on a few things. On the issue of public-private partnership and road tolls, this is a good thing. However, we must remember that we have actually done it before. We had a toll station at Naivasha along the Nairobi-Kisumu highway, but just because of graft, it did not work. They used to collect money and keep it. They hid the funds. It is a good thing to do but we must look at the issue of graft and its management. I presume that if the private sector does it, they will probably be keener. However, in the past, it did not work well because of graft. It is a good idea and I support it.

I also want to just single out the issue of unclaimed financial assets. It is good to remove it from the Capital Markets Authority and leave it to the Unclaimed Financial Assets Authority. So many people invest and nobody knows they have invested. Even our savings and the mobile money platforms that we use, the amount of money that remains in them when somebody dies are unclaimed. So, this is one authority that should be strengthened so that people can get their claims back. If relatives of the deceased do not surface, the Authority should find ways of getting them. That is a good thing that I have noted there.

There should be an amendment so that we are quite sure when to appeal to the Insurance Regulatory Authority. That is also a good thing. We cannot have things that are not properly defined. It is difficult. Our laws here will tell you that if things are not defined, you cannot benefit. So, that is a good thing to do. The commission that the KRA gets has to be capped. The fact that they get a commission on what they collect encourages them to collect more and as a Member said, they should go into modern ways of collection because over the years, the percentage of the tax we collect as GDP is going down. So, they should be encouraged, but they should get to collect the tax.

There should be amendment to the Retirement Benefits Authority so that they submit actuarial reports. If there is no proper actuarial study in insurance and pension schemes they always fail. Then they fail with people's money in terms of pension. The only way is to, at every point, study whether the collection and the investment they are making is actuarially sustainable. I think that is a good report I have seen there. Even if you look at the National Hospital Insurance Fund (NHIF) which is not a benefit scheme but an insurance scheme, you also need frequent actuarial studies. We have gone into benefits that we cannot sustain. If you ask about their actuarial basis, you do not get it. To put the retirement benefit schemes into law is an extremely good thing.

On Income Tax, it exhibits the contradiction we have. We have a big Budget and still we do not want to overtax our people because they are burdened. It is good there is the lower level of taxation which has been removed and raised so that many people are removed from the tax bracket. That is a good thing that I support.

Increasing the limit for payment on rental income so that people pay a little less is something good. I support it. But at the same time, we are removing the incentives for home owners. As I was saying, we are on the one hand giving and on the other taking from people. The worst bit of it was the proposal to tax pensioners. How can you do that in a country with a social protection policy that is trying and putting a lot of money to support vulnerable people then you take people who are near vulnerable and you start taxing them? You are increasing the number of vulnerable people. The Committee did a good job on that issue of taxing pensions.

On relieving people on Value Added Tax, you again see the contradiction. You zero-rate bread but you leave out *unga*. How can you do that? Maybe they were thinking that people will get more *unga*, you get bread, but you will get your tax from the *unga*. That is the one we should have looked at. Again, I agree with the Committee that is something we should look at. It is good they zero-rated some inputs like corn seed in agriculture. That is okay.

In the health sector, I cannot agree more with the previous Member. We were surprised in the Departmental Committee on Health. I thought we attempted to remove taxes on the inputs of health commodities some time back. How can we tax health commodities and at the same time talk of universal health coverage? That is contradictory. It is good on the ambulances but it is a small contribution. In fact, if we can, we should look at that schedule and just see. I do not have much time but we would have looked at all the health inputs. That is the first step in reducing the cost of healthcare.

On the EPZ, getting some of those products in the domestic market is good. It improves the local market. It improves the labour that we have locally. The other thing I noticed is, if you look at the products from the EPZ, you cannot believe they are made in this country. If we bring some in, I think it will improve the quality of our input.

There is no way we can get away from the digital services tax. I support it. Some colleagues were saying this is where the young people are but, all economy is moving to the digital space. With this COVID-19 you have seen even getting food into your home, you order it digitally. Where are we going to get tax if we leave this out? We can just look at the rates but that is the direction. We cannot get that out.

On CSR, well, I think giving them tax relief is good. The danger is that they will end up exaggerating the amount of money they put into CSR to avoid taxation. It is generally a good thing if we work out details to avoid graft.

I did not want to say much but let me just say one thing: If we collect all these taxes and do not fight graft, we are wasting time. If you look at our figures, 30 per cent of our taxes go into graft. Our deficit is also 30 per cent; Kshs804 billion out of Kshs2.7 trillion is one-third. If we could just eliminate graft, we would not have a deficit.

With those remarks, I support the Finance Bill.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Member for Dadaab, you have the Floor.

Hon. Mohamed Duale (Dadaab, KANU): Thank you, Hon. Temporary Deputy Speaker, for giving me an opportunity to contribute to the Finance Bill. I also want to thank the Chairman and Members of the Departmental Committee on Finance and National Planning as well as staff

at the National Treasury together with our parliamentary staff, who have provided a lot of technical support.

Our nation is one of the most heavily taxed nations in the world because our revenue is tax-based and because of that, we continue to...

(Hon. T.J. Kajwang' consulted loudly)

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Order, Hon. Kajwang! Please, consult in low tonnes. You are the next on the requests list. Please, allow the Member for Dadaab to contribute.

Hon. Mohamed Duale (Dadaab, KANU): Thank you for the protection, Hon. Temporary Deputy Speaker.

As I was saying, our nation is one of the most heavily taxed nations in the world. Our revenue base is mainly tax. At times it is difficult to escape from the fact that we continue to put pressure on people who are already burdened with taxation because of limited revenue base.

Hon. Temporary Deputy Speaker, I cannot agree more with the previous speakers, that we must address graft and corruption. We must also address spillage or loss of taxation. In Kenya, we have the second set of county governors, who found pending bills from the previous county regimes. Many governors have refused to pay those pending bills, putting many people out of business. A classic example is the Garissa County Governor who has persistently refused to pay merchants who supplied goods and services, whose bills have since been verified by the national audit team and other concerned arms of Government. This is all because of graft.

As a country, we must look at our policies. We now have the Standard Gauge Railway (SGR) from Mombasa to Suswa. As it transports imports from the Port of Mombasa, the wagons go back empty. I am sure that the idea was to get imports in and exports through the same way. Who is paying for those empty wagons going back to the Port of Mombasa? This is happening because we have not developed industries, horticulture and agricultural sectors in the hinterland so that our wagons could have gone back with products to export to other countries. This country is not short of supply of things to export, from fish, agricultural and livestock produce.

We must also look at policies concerning industrialization. Without industrialization, we will continue to tax a few Kenyans, who are already burdened with taxation. We have to think about new policies in the agriculture sector, mining, commerce and industry. I can tell you for free – although I am not an expert in agriculture – growing sugar cane, for example, in the Tana Delta or along Tana River would be more productive than growing it in the lake region because in that area there is a lot of sunshine, water and good soil, therefore, you can produce more sugar cane. The same applies to cotton. I am not saying that we should stop it, but we should also encourage those areas to be calm. What happened to the 10,000 acres which were to be under farming in the Tana River Basin?

We have the livestock sector. Where I come from, and the vast part of this nation, we keep livestock. Our policy on livestock has not been remarkable. I want to be on record that most of the livestock from northern Kenya is going to Somalia because the Somali Government – even though they have problems – has facilities for exporting livestock to the Arab world. What has prevented us from having the same in Kenya so that we can export our cattle, camels and goats to the Arab world in the same way? We are losing a lot of business because of that.

The vast part of this country is the Arid and Semi-Arid Land (ASAL). In future it will be the economic driver of this nation including parts of Ukambani, Coast region, Upper Eastern and

the greater part of the Rift Valley. These areas are endowed with a lot of natural resources including minerals and they have the potential for agriculture. One of the things that we can do at the policy level is to open up these areas by improving the road network. We are happy that the road from Isiolo to Moyale has been done and it has opened up that area. We are hoping that the Government will start the project from Isiolo to Wajir to Mandera whose funds are available; the road from Garrisa to the Liboi border and the Lamu Port-South Sudan-Ethiopia-Transport (LAPSSET) Corridor project road from Lamu through Garissa, Meru and Isiolo, Samburu and Turkana counties. These are roads that will open up these regions. In this country, we need to innovatively think about other ways of improving our revenue base as I said earlier.

I want to support the previous speakers that it is not wise to tax those people who are earning pension. Those people are vulnerable. They are aged and more predisposed to medical conditions like diabetes, hypertension and cancer. These are people who are in their sunset years and they worked for this nation. It will be good for the Committee to advise for the removal of tax on the monthly pension of pensioners.

The taxation of LPG is one way of saving the environment. In addition, firewood and charcoal are dirty forms of energy that are used by households. They cause a lot of illnesses to children and people who are hypersensitive to smoke and dust. We can reduce morbidity due to asthma and chronic airways obstruction diseases by using LPG. So, it is important for us to remove that tax on LPG to save our forests and the health of many people.

The proposal to allow products from the EPZ to be sold locally is welcome. Many investors will have a chance to invest in the EPZ area by putting up factories. I am sure if people know that they can produce and sell some of their products locally, we will have many of them setting up factories and other assets in the EPZ area. That will generate opportunities for employment and create income for many Kenyans.

With those many remarks, I support the Bill.

Thank you.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Very well. Let us have the Member for Ruaraka, Hon. T.J. Kajwang'.

Hon. T.J. Kajwang' (Ruaraka, ODM): At last, Hon. Temporary Deputy Speaker, allow me to wind up the argument. It has well been buttressed by speakers before me. They have said much of what I would have said. I came as the watchman of Wanjiku, because the knee of the government was on the neck of Wanjiku on this *unga* business. So I came to only speak about *unga*. I thought it was immoral that in a pandemic like this, one would ever want to put VAT on maize. What is the value added in maize that would make somebody increase taxes on it to raise its price? Maize is now Ksh100 getting to Ksh120 per one kilogramme. Would somebody be mad when our people all over are asking for donations? You go to your constituency and people tell you coronavirus is killing them and they want *unga*. They want to eat. Who in his little mind would think that legislators would pass such a thing? The Chairman of this Committee, if you have not taken note, you can know that we will not pass this. And if you are not going to bring an amendment, I will do it. That is what I wanted to speak about.

Now that I am on my feet, this road tax that everybody seems to be praising has to be looked at again. It is well thought but wrongly executed. This is not how it works. This will end up being the same thing we have had at Gilgil. It will still be a failure because it only increases fare. And it will cause road congestion in Mavoko and Gilgil. How it is done elsewhere is different. First of all, we have to have companies which are building express highways, so that if you decide to come from Mavoko or from Sultan Hamud, your first destination is Kericho. If you use the

express highway and an investor has put money on it, you pay because that is your choice. But for people who use roads like I when going to Ruaraka, you should not expect me to pay tax every day. What you are doing is being lazy, picking tax from people because they drive. What should have been done...

(Hon. Joseph Limo spoke off record)

No, I do not want information. We have been here for too long.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Order, Hon. Kajwang'. You cannot be speaking and you become the Speaker at the same time. There is an intervention from Hon. Limo.

Hon. T.J. Kajwang' (Ruaraka, ODM): No, it is a point of information. He has to first ask if I want information.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Order. Can you allow the Speaker to do her work? Let us hear the intervention from Hon. Limo. What is your intervention?

Hon. Joseph Limo (Kipkelion East, JP): It is just a piece of information, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Hon. Kajwang', do you want to be informed by the Member for Kipkelion East?

Hon. T.J. Kajwang' (Ruaraka, ODM): He is a man I respect, so I will take his information.

Hon. Joseph Limo (Kipkelion East, JP): You know I really respect *Mheshimiwa* Kajwang'. That is why I want to give him the information. The rest of the Members can also benefit. This proposal on toll is specifically for PPP projects of express highways. One of the highways is from the airport to Westlands and from Nairobi to Mau Summit, for people who want to go express. The rest of the people will be using free roads.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Now that you have been informed, Hon. Kajwang', carry on with your contribution.

Hon. T.J. Kajwang' (Ruaraka, ODM): Thank you. I am well advised. Precisely this is my point: You have not built an expressway and you are here with legislation today. When I drive out of Parliament this evening, there is nothing called an express highway. It is still in the design books. And somebody brings legislation. What you should have done, my respected Chair, is to lay the infrastructure first. Get it done; make it the express highway that it should be. For example, you can drive from Entebbe to Mukono on the expressway done by the Chinese. And, of course, if they are charging a toll on it, they are entitled to it.

However, on where I think you messed or where there was an oversight, my respectful view is that you brought legislation on road tax in a Financial Bill as though it is a miscellaneous amendment to the Finance Act. This is the problem with many legislations. You should have gone to the Tolls Act itself and proposed these very good amendments you have here. Then, you will not only be laying the framework but also, the infrastructure for it. When this Finance Bill gets effect in July, it will not wait for the future to bring these things. They will start collecting these things, and I can tell you that fares will go up, spare parts and cost of motoring will go up. It will not do what these people are intending it to do.

Lastly, I have a lot of respect for my friend, the Chair. He has done a good job. However, I just want to come back to the management, or the presidium. This is the way to go. We must have a Finance Bill before we go to an Appropriations Bill. We have fought on the plenary, poured water and cried here so that we understand this simple thing which now gladly... I know we had

to wait for the courts to decide. You must have a Finance Bill. Before then, you cannot appropriate what you are doing here. So, maybe it is because we now have a new Chair who is alive to some of these constitutional things and I think, we will have better times in this Chamber. What I only want to ask the Chair to desist from is this: do not bring legislations under the Statute Law (Miscellaneous Amendments) to the Finance Act. Go to the Acts themselves. Look at them properly, and make those amendments in their respective pieces of legislations. That way, you are unlikely to get this kind of criticisms from T.J. Kajwang' and company. However, I want to support the Finance Bill for as long as there will be no *unga* price increment, VAT on LPG gas and for as long as my father who is a retired teacher, will not be taxed just because he is enjoying himself in retirement. I will stand for him and all those retirees who have to enjoy the little things they have in life before the Lord calls them home.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Thank you, Hon. T.J. Kajwang'. You have really represented the people and you have also shown your expertise. I am sure the Chair has noted your contribution. Very well. Let us have the Member for Gatanga. Please, have the Floor.

Hon. Joseph Nduati (Gatanga, JP): Thank you very much, Hon. Temporary Deputy Speaker for giving me an opportunity to make my contribution.

I would like to start by thanking the Budget and Appropriations Committee. They have really done a nice job. As for our Government, they have also supported Kenyans by coming up with nice tax proposals.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Order! There is intervention from the Member for Gatanga Constituency. This Member went for the intervention button yet he is the ...

Hon. Joseph Nduati (Gatanga, JP): Is he the Chair?

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): No, I think he is the Vice-Chair. Please, carry on.

Hon. Joseph Nduati (Gatanga, JP): The Government has also supported Kenyans by reducing the Income Tax, Corporate Tax and VAT. However, I wanted to ask the Chairman to consider the Withholding Tax which is still at 6 per cent. I think it is still high. With us having a withholding tax of 3 per cent, maybe, we should consider and also bring it to about 4 per cent so that we can put more money in the pockets of Kenyans.

I am also happy to hear from the Chairman that KRA is working on a system where they are going to match what the supplier and the buyer are charging. It has been difficult to deal with the VAT especially when it comes to deductions by some suppliers and they do not remit tax. Today I was doing my tax and I realized one of my clients, the whole of 2018, had not submitted VAT deducted. Therefore, if we come up with a system which will be able to match those two people, I am sure it is going to help this country.

On the imposition of residential rental income tax, this one I support and the increment from Kshs10 million to Kshs15 million is a good move. I also want to say that I have heard some members here say that property owners are paid more and they need to reduce rent. This will be unfair to property owners especially the ones who are genuine because I am in the construction industry and I know. For the genuine developers most of them borrow up to 70 per cent with the remaining 30 per cent paid to KRA at 10 per cent, agency fee at 10 per cent and the landlord is left with about 10 per cent. Therefore, asking him again to reduce the rent would burden him too much and I would not support that.

On the road toll tax, I support it. It is a good way of developing our infrastructure. However, I want to say before we start charging our road users - because most of these projects have been proposed to be done through PPP - we need to reform the PPP secretariat. We do not have adequate staff, they are under-funded with a very lean staff. I do not think they have the technical capacity to undertake what is being promised here. I also want to say as a country we have suffered a lot. Most of the debts we are paying today are as a result of these projects being done under this arrangement, for example, the Standard Gauge Railway (SGR). Some of these projects are designed in foreign countries, priced in foreign currencies and drawings submitted in foreign languages where our people cannot understand. For instance, SGR, I would personally say it was overpriced. A railway of about 400 kilometers priced at about Kshs400 billion; a billion per kilometer, is too expensive. Moreover, it is a mistake we made of not involving our people in the design. Kenyans are well educated and they should get involved in these projects. This idea of having these projects done and we say we are going to give Kenyans 30 per cent and it does not happen is wrong. When we were constructing the SGR nothing was left here. The Government invested Kshs400 billion and yet Kenyans gained nothing apart from manual jobs.

On taxing pensioners as my colleagues have said, I want to congratulate the Chair for dropping that idea. It is not right to tax our aged people as has been said. Most of them suffer from many diseases and we need to support them.

On digital services tax, Chairman I want to encourage you and your team. This is an area we need to tax. Even if the youth are involved in these projects, our youths have not said that they are not interested in paying tax. We need to train them when they are still very young to pay tax. Who will pay for them? Do you want to encourage them not to pay tax from when they are 20 years? When they get to 35 years, is it the time they will start paying? You will be encouraging them from the start to dodge taxes. Therefore, I want to encourage the idea. Let us charge them.

On the Tax Procedures Act, Chair you have told us there is now a voluntary disclosure programme which we support. I remember when former President Kibaki became the President of this country he introduced the same scheme and many Kenyans got into the tax bracket. I have seen the proposal is that implementation is from 1st January 2021. We want Kenyans to start paying taxes immediately. We have many projects which we want to implement. Can we start paying from 1st July or when this law takes effect? We do not have to delay until 2021.

On the Standards Act, I thank the Committee, the consolidator has been defined and now the consignee will become visible and most of our people on River Road will now pay tax, having been recognised by the Government.

Lastly, I am very happy that KRA is being encouraged to collect taxes on behalf of other Government agencies and even county governments. The KRA is very efficient even at 2 per cent. It is very fair. I have seen what is happening at the Nairobi County. They have become very efficient. What Nairobi County used to collect before as land rates and parking fee will go up.

On club membership and CSR, when a company pays for club membership it should not be taxed. It is good to encourage our people to join clubs as they will become healthy if they do what I do every morning. I run 10 kilometers in a club, and that is contributing to the wealth of this nation. For example, I do not take drugs almost for a whole year because of exercising.

Thank you, Hon. Temporary Deputy Chairlady.

The Temporary Deputy Chairlady (Hon. (Ms.) Jessica Mbalu): Very well said. Let me hear the Member for Kabondo Kasipul, Hon. Obara Akinyi.

Hon. (Ms.) Eve Obara (Kabondo Kasipul, ODM): Thank you, Hon. Temporary Deputy Speaker. It has been a long day. First and foremost, let me appreciate the Committee on Finance

and National Planning under the chairmanship of Hon Limo. I state that at least he presented it in a manner that made it very simple for many of us to follow.

When we completed the appropriations of the Budget last week, at the back of my mind I was worried about how this was going to be supported, particularly at a time like this when the whole world is facing extreme difficulties from the COVID-19 pandemic. However, I must state that I am happy that the National Treasury and the Committee on Finance and National Planning did a good job to try and see how this could be bridged, although I can still see that we will have a deficit in our Budget. Maybe, by the time we will be discussing it in the Committee of the whole House next week we will have figures on what the deficit could look like.

The areas I thought must be re-looked at have been dealt with by my colleagues. I had in mind the 14 per cent tax on LPG. We cannot be talking of clean energy and at the same time increasing tax on the LPG. You cannot even be talking about green economy.

Secondly, I had in mind taxation of maize flour, which my colleagues have mentioned. If you talk about exempting maize seed from VAT and then you tax the product, what are you talking about? So, this is another area we have to look at. Maize, *ugali* or *unga*, as we put it, is a staple food for Kenyans across the country and not just for certain regions. We know that very well. If there is something that Kenyans have been crying for the most during this COVID-19 period, it is maize flour. When people said that they had no food to eat, they meant *unga*. So, the Committee on Finance and National Planning, as Members have said, the area of maize flour is a no-go-zone. See what can be done so that maize flour is not taxed?

Another area which needs to be re-looked at, in my view, is matters of health. Kenyans do not have to go to India all the time to seek treatment. The cost of medicines in this country is so high that many people have died when we could easily have prevented those deaths. People have died due to lack of medication. So, the Committee needs to re-visit this area. They are talking about zero-rating ambulance services but that is only a drop in the ocean.

The other area that has been considered which I think by now we all know would have been disastrous is taxing pension of retirees. I will not belabour this point and I want to appreciate the Committee for dropping this proposal because as you can clearly see, this was one of the most unpopular ones in the entire Bill.

Let me appreciate the Committee for coming up with tax incentives for Kenyans particularly in the area of voluntarily tax disclosure. There is no better way of giving Kenyans a friendly environment to pay taxes. I can assure you that the taxes collected will be much higher through this method, than what was previously happening of taxmen walking around the estates, which was an embarrassment. They would ask who the landlord is and how much they pay. This was ridiculous and then they would start making phone calls. You all know what happens when they call landlords.

I am happy that we are able to reduce tax on rental income to an easy 10 per cent up to a maximum of Kshs15 million if you have that kind of rental income. I think this will cushion the landlords and landowners.

Finally, so that I do not take too much time - it is 9 O'clock and I have never been in Parliament for this long - let me thank the Committee so that my two colleagues who are left here can also talk. I support the Report.

Thank you.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Hon. Obara Akinyi we have many chambers, there are other Members in different chambers out there.

Hon. Eve Obara (Kabondo Kasipul, ODM): Okay, once again I support.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Well said Hon. Member for Kasipul Kabondo. Hon. Members there being no other request from Members to speak to the Finance Bill, I call upon the Mover to reply that is the Member for Roysambu.

Hon. Isaac Ndirangu (Roysambu, JP): Thank you, Hon. Temporary Deputy Speaker. Allow me to thank my Chair for ably moving this Bill and also thank all the Members who have contributed and aired their views. We have heard what they have said, and truly from their remarks we have captured what they want amended.

In particular, I would want to reassure Members that the minimum tax proposed in clauses 3, 4, 7 and 9 of rates of 1 per cent of gross turnover, is to ensure we bring on board companies that earn income in Kenya but they end up declaring losses perpetually to avoid payment of corporate taxes. We are also aware that these companies continue to enjoy infrastructure facilities such as roads which continue to be serviced by the Government from tax revenue. So, this 1 per cent of gross turnover will enable such entities to contribute to the development of this country's infrastructure.

It is important to remind Members of this House that just the other day, our Government forewent income of Kshs172 billion in order to bring initiatives under the stimulus package to ensure our economy does not collapse. You know some of the initiatives taken by the Government like the deduction of VAT from 16 to 14 per cent, deduction of PAYE for various categories of employees and the stimulus package of Kshs100 billion for *Kazi Mtaani*. It is also not lost on us that last year our Government had a total tax expenditure of Ksh535 billion. So, in trying to balance this Bill, we have tried as much as possible to remove exemptions, subsidies, deductions, tax waivers and other allowances and incentives that compromise our revenue targets and only left exemptions that are entirely critical to sectors of our economy.

We have also proposed taxation on the digital marketplace. We brought in this rule in the last Finance Bill which describes or explains what a digital marketplace is. Therefore, we are introducing the digital service tax at 1.5 per cent of gross transaction. As has been captured by Members here who have given examples of such digital platforms like Alibaba, Amazon and Uber, this tax will help to level the competition environment in this country for businesses. I would cite the example of our local tax drivers who have been complaining that Uber is engaging them in unfair competition. That is the truth. I think by levying this tax, we shall be creating a level playing ground for foreign companies and our local operators. This tax is intended to yield about Ksh2 billion.

This Finance Bill has not forgotten the contributions of companies in corporate social responsibility. Among the items that have been allowed capital deductions are investments in the construction of schools, public hospitals, roads and such similar social infrastructure. I also assure Members who have raised their concerns about the taxing of the elderly and the very vulnerable senior citizens, that our Committee has considered this matter and at the right stage we shall be proposing amendments to ensure that we save our pensioners from that tax. Indeed, you know our Government has been at the frontline in promoting welfare of the pensioners particularly through the *Inua Jamii* programme, the cash transfers for the vulnerable, the ailing and our elderly citizens. I assure Members that we will be looking for their support in these amendments.

I also assure Members that we are exempting maize corn seeds from VAT because we want to cushion farmers from the high cost of maize seeds for sowing, particularly around this rainy season and bearing in mind the effects of the locust invasion and the floods. So, the Government will be losing in tax expenditure to the tune of about Kshs20 million by allowing these deductions.

So, it is not all about Government taking away; it is also about the Government balancing to help our farmers. This will help the Government to ensure that one of the four pillars of the Big Four Agenda, that is food security, is achieved.

We are also exempting from VAT, the ambulance services. This is in addition to medical, nursing and dental services, which are already exempted from VAT. This proposal will further cushion Kenyans from the high cost of seeking medical services, particularly, in these hard times of COVID-19 pandemic. It is important to ease the burden on access of medical services.

Hon. Temporary Deputy Speaker, you are aware that every county has been challenged to put up medical facilities that can accommodate and treat our sick patients. Even the Cabinet Secretary for Health has been moving around the country to inspect these facilities. Therefore, the exemption of VAT for ambulance services will go a long way in enabling our counties to put up those facilities and offer the services.

Connected to the digital service tax, we have made proposals for the appointment of digital tax service agents...

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): You have 18 seconds for your planning.

Hon. Isaac Ndirangu (Roysambu, JP): We are also supporting the appointment of digital tax service agents for the collection of digital service tax. This will create jobs and enterprise...

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): You are not on record, so, I give you one minute to conclude.

Hon. Isaac Ndirangu (Roysambu, JP): With those few remarks, Hon. Temporary Deputy Speaker, I beg to reply.

ADJOURNMENT

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Very well. Hon. Members, the Bill having been moved, debated and replied to procedurally, I do order that the Question be put in the next sitting.

Hon. Members, the time being 9.28 p.m., this House stands adjourned until Tuesday 23rd June 2020 at 10.00 a.m.

The House rose at 9.28 p.m.