Approved
SNA
8/4/25

Rt Hon. Speaker
for approval for
tabling pls.
CNA
8.4.25

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON:
THE CONSIDERATION OF THE EXCISE DUTY (AMENDMENT) BILL, 2025 (NATIONAL ASSEMBLY BILL NO. 7 OF 2025)

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LIST OF ABBREVIATIONS AND ACRONYMS

COK	-	Constitution of Kenya
EAC	-	East African Community
CET	-	Common External Tariff
IPF	-	Institute of Public Finance
KPLC	-	Kenya Power & Lighting Co. PLC.
MP	-	Member of Parliament
ODM	-	Orange Democratic Movement
UDA	-	United Democratic Alliance
ICPAK	-	Institute of Chartered Public Accountants of Kenya
EPRA	-	Energy and Petroleum Regulatory Authority

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CHAIRPERSON'S FOREWORD

This report contains the proceedings of the Departmental Committee on Finance and National Planning on its consideration of the Excise Duty (Amendment) Bill, 2025 (National Assembly Bills No. 7 of 2025). The Bill was published in the Kenya *Gazette* Supplement No. 32 of 6th March, 2025 and read a first time on 16th March, 2025. The Bill was committed to the Committee for consideration and tabling of the report to the House pursuant to Standing Order 127.

The principal object of this Bill is to amend the Excise Duty Act to remove excise duty on imported fully assembled electric transformers. This excise duty was imposed in the then Tax Laws (Amendment) Bill, 2024 to support local assemblers. However, the amendment has negatively affected the manufacture and supply of transformers by increasing the cost of importing parts since most parts are imported.

In compliance with Article 118 (1) (b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly placed an advertisement in the print media on 20th March, 2025 inviting the public to submit memoranda by way of written statements on the Bill.

In addition, the Clerk of the National Assembly vide letter Ref. No.NA/DDC/F&NP/2025/024 dated 28th March 2025 invited key stakeholders to submit views on the Bill and attend a public participation forum on 3rd April 2025. The memoranda were to be received on or before 2nd April, 2025 at 5.00 pm (East African Time). By the close of the submission deadline, the Committee had received six memoranda.

The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it during its consideration of the Bill. Similarly, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made invaluable contributions towards the preparation and production of this report.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to the provisions of Standing Order 199(6), it is my pleasure to report that the Committee has considered the Excise Duty (Amendment) Bill, 2025 (National Assembly Bill No. 7 of 2025) and wish to report to this August House with the recommendation that the House Approves the Bill.

Hon. CPA. Kuria Kimani, CBS, M.P.
Chairperson, Departmental Committee on Finance and National Planning

CHAPTER ONE

1 PREFACE

1.1 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

1. The Departmental Committee on Finance and National Planning is one of twenty departmental committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows:

    a) *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
    b) *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
    c) *To, on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
    d) *To study and review all legislation referred to it;*
    e) *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
    f) *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
    g) *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
    h) *To examine treaties, agreements and conventions;*
    i) *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
    j) *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
    k) *To examine any questions raised by Members on a matter within its mandate.*

2. The Second Schedule to the National Assembly Standing Orders assigns the Committee the mandate to consider matters in relation to public finance, public audit policies, monetary policies, financial institutions, economy, investment policies, competition, banking, insurance, national statistics, population, revenue policies including taxation, national planning and development, digital finance, including digital currency.
3. In executing its mandate, the Committee oversees the following Ministries/Departments:

    a) The National Treasury.
    b) State Department for Economic Planning.
    c) The Commission on Revenue Allocation (CRA)
    d) Office of the Controller of Budget

1.2 COMMITTEE MEMBERSHIP

1. The Departmental Committee on Finance and National Planning was constituted by the House on 27th October 2022 and comprises of the following Members:

Chairperson
Hon. CPA Kuria Kimani, CBS, MP
Molo Constituency
UDA Party

Vice-Chairperson
Hon. (Amb.) CPA Langat Benjamin Kipkirui, CBS, MP
Ainamoi Constituency
UDA Party

Members

Hon. Peter Kaluma, CBS, MP
Homa Bay Town Constituency
ODM Party

Hon. CPA Oyula, Joseph H. Maero, MP
Butula Constituency
ODM Party

Hon. Mboni, David Mwalika, MP
Kitui Rural Constituency
WDM Party

Hon. Okuome Adipo Andrew, MP
Karachuonyo Constituency
ODM Party

Hon. Hon. Chiforomodo, Munga, MP
Lunga Lunga Constituency
UDM Party

Hon. CPA Rutto Julius Kipletting, MP
Kesses Constituency
UDA Party

Hon. Paul Biego, MP
Chesumei Constituency
UDA Party

Hon. Sunkuyia, R. George, MP
Kajiado West Constituency
UDA Party

Hon. Betty N. Maina, MP
Murang'a County
UDA Party

Hon. Sheikh Umul Sheikh, MP
Mandera County
UDM Party

Hon. (Dr.) Shadrack Mwiti, MP
South Imenti Constituency
Jubilee Party

Hon. (Dr.) Ariko John Namoit, MP
Turkana South Constituency
ODM Party

Hon. Machele M. Soud, MP
Mvita Constituency
ODM Party

1.3 COMMITTEE SECRETARIAT

4. The Committee is facilitated by the following staff:

Mr. Benjamin Magut
Principal Clerk Assistant II /Head of Secretariat

Ms. Jennifer Ndeto
Deputy Director Legal Services

Mr. Benson Kamande
Clerk Assistant III

Mr. Salem Lorot
Senior Legal Counsel

Ms. Winfred Kambua
Clerk Assistant III

Mr. George Ndenjeshe
Fiscal Analyst II

Mr. James Macharia
Media Relations Office

Mr. Andrew Jumanne Shangarai
Principal Serjeant-At-Arms

Ms. Joyce Wachera
Hansard Reporter II

Mr. Benson Muthuri
Assistant Serjeant-At-Arms

Ms. Nelly W. Ondieki
Research Officer III

Mr. Mwangi Muchiri
Audio Officer III

Mr. Allan Ngugi
Committee Intern

CHAPTER TWO

2.0 OVERVIEW OF THE EXCISE DUTY (AMENDMENT) BILL, 2025 (NATIONAL ASSEMBLY BILLS NO. 7 OF 2025)

2.1 Background

5. The Excise Duty (Amendment) Bill, 2025 (National Assembly Bill No. 7 of 2025) is a Bill sponsored by the Leader of Majority Party, Hon. Kimani Ichung'wah, EGH, MP. The Bill was published on 6th March, 2025 vide Kenya *Gazette* Supplement No. 32 of 2025. The Bill was then committed to the Committee for consideration and tabling of the report to the House pursuant to Standing Order 127.

2.2 Summary of Legal Provisions

6. The principal object of this Bill is to amend the Excise Duty Act, Cap. 472, to remove excise duty on imported fully assembled electric transformers. This excise duty was imposed in Tax Laws (Amendment) Act, 2024 with the intention to support local assemblers of electric transformers. However, the amendment had negative effect on the manufacture and supply of transformers by increasing the cost of importing parts.

7. This amendment is intended to reduce the cost of electricity and enhance power connectivity through additional manufacture and supply of transformers to the Kenya Power and Lighting Company.

8. Clause 2 of the Bill seeks to amend the First Schedule to the Excise Duty in Part I by deleting the following item and the corresponding rate of excise duty—

Description	*Rate of Excise Duty*
Imported Fully Assembled Electric transformers and parts of tariff codes 8504.10.00, 8504.21.00, 8504.22.00, 8504.23.00, 8504.31.00, 8504.32.00, 8504.34.00	25%

9. The amendment is to apply retrospectively to 27th December, 2024, when the Tax Laws (Amendment) Act, 2024 came into effect. This is provided for in clause 1 of the Bill.

10. The tariff heading 85.04 is for electrical transformers, static converters (for example, rectifiers) and inductors in accordance with the Common External Tariff for the East African Community Customs Union. The following tariff numbers mentioned in the amendment represent the following items:

H.S. Code/Tariff No.	Description
8504.10.00	• Ballasts for discharge lamps or tubes • Liquid dielectric transformers
8504.21.00	Having a power handling capacity not exceeding 650 kVA
8504.22.00	Having a power handling capacity exceeding 650 kVA but not exceeding 10,000 kVA
8504.23.00	• Having a power handling capacity exceeding 10,000 kVA • Other transformers
8504.31.00	Having a power handling capacity not exceeding 1 kVA
8504.32.00	Having a power handling capacity exceeding 1 kVA but not exceeding 16 kVA
8504.34.00	Having a power handling capacity exceeding 500 kVA

CHAPTER THREE

3. PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL

3.1 LEGAL FRAMEWORK ON PUBLIC PARTICIPATION

11. Article 118 (1)(b) of the Constitution provides that:

"Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its Committees."

12. The National Assembly Standing Order 127 (3) and (3A) stipulates that:

*"(3) The Departmental Committee to which a Bill is committed shall **facilitate public participation on the Bill** through an appropriate mechanism including-*

(a) inviting submission of memoranda;

(b) holding public hearings;

(c) consulting relevant stakeholders in a sector; and

(d) consulting experts on technical subjects.

(3A) The Departmental Committee shall take into account the views and recommendations of the public under paragraph (3) in its report to the House."

3.2 MEMORANDA RECEIVED ON THE BILL

13. Pursuant to the aforementioned provisions of law, the Clerk of the National Assembly placed an advertisement in the print media on 20th March, 2025 inviting the public to submit memoranda on the Bill. Further, the Clerk of the National Assembly vide letter Ref. No.NA/DDC/F&NP/2025/024 dated 28th March 2025 invited key stakeholders to submit views on the Bill and attend a public participation forum on 3rd April 2025 respectively.

14. The Committee received six memoranda from the following stakeholders: Kenya Power & Lighting Company PLC (KPLC), Westminster Consulting, Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Public Finance (IPF), Pan African Transformers & Switchgears Ltd, and Yocean Group Ltd.

GENERAL SUBMISSIONS

3.2.1 Kenya Power and Lighting Company (KPLC)

KPLC appeared before the Committee and submitted as follows:

15. KPLC supported the Bill since it seeks to address the challenges occasioned by the 25% excise duty imposition on imported fully assembled electric transformers and parts.

16. KPLC is the sole electricity distributor in Kenya, and it currently serves nearly 10 million households and enterprises. The company's mandate includes connecting customers to electricity and providing stable and reliable power.

17. KPLC incurs huge capital expenditures on transmission and distribution transformers for expansion to connect new customers and maintenance to replace faulty and worn-out transformers.

18. The Tax Laws Amendment Act 2024 introduced Excise Duty on imported fully assembled electric transformers and parts at the rate of 25%. This was meant to protect and promote local transformer manufacturing. However, It was noted that the firms indicated as local manufacturers were actually assemblers, not manufacturers. Therefore, the amendment did not achieve the intended objective, given that the importation of parts was also subject to the 25% excise duty. Further, this would result in an increase in the prices of transformers across the board.

19. The increase in excise duty in the Tax Laws (Amendment) Act, 2024 has the following implications.

(a) The cost of connection to electricity

20. Electricity transformers are critical equipment in the supply and reticulation of electricity. Every customer connected to the grid is linked to a transformer that delivers quality and reliable power at the required voltage and frequency level. When customers apply to be connected to electricity, they are either connected to an existing transformer or are required to pay for a new transformer as part of the connection cost. The introduction of 25% Excise duty on transformers will directly increase the cost of connecting customers.

(b) Increase in electricity tariffs

21. The Electricity & Petroleum Regulatory Authority (EPRA) determines the consumer's electricity price. It comprises the cost of generation, transmission and distribution, including electricity grid maintenance. Transformers are a vital component of the electricity grid, which require replacement over time due to wear and tear, faults and vandalism. Thus, introducing 25% excise duty on transformers will increase their replacement cost, thereby increasing the repairs and maintenance component in the tariff.

(c) Reduction in the number of transformers available for use

22. The company procures an average of 4000 transformers every year. These are meant for the replacement of old and faulty units and the connection of new customers. There are over 82,000 transformers and an average annual replacement rate of 4%. Every year, 3200 transformers require replacement and a further 1,000 are needed for network expansion and new customer connections.

23. Considering the budget constraints and cashflow implications, increasing the cost of transformers through the introduction of 25% excise duty will reduce the actual number of transformers that can be procured within the current budget and cash flow position of KPLC. This implies that there will be an increase in prolonged outages across the country due to the unavailability of sufficient transformer stocks. In addition, connection of new customers will also be hampered where a new transformer is required. Some of the implications are prolonged outages due to insufficient transformer stock which could lead to increased insecurity and decline in economic activity and delays in connecting new customers.

3.2.2 Westminster Consulting

While supporting the Bill, Westminster Consulting submitted as follows:

24. The Bill proposes the deletion of excise duty on imported fully assembled transformers of tariff codes 8504.10, 8504.21, 8504.22, 8504.23, 8504.31, 8504.32, 8504.34 which was initially introduced in the Tax Laws (Amendment) Act, 2024.

25. The East African Community Common External Tariff has no codes for fully assembled or partially assembled transformers, making the law as currently provided difficult to administer.

26. The stakeholder supported the proposed deletion for the following reasons:

(a) Lack of local capacity

27. Kenya does not manufacture electric transformers. As such, imposing a tax on imported transformers does not serve to protect or promote any local industry. Instead, it imposes an additional cost burden on consumers and businesses that rely on electricity.

(b) Increase in the cost of electricity.

28. Taxing transformers increases electricity distribution costs, negatively impacting industries, small businesses, and households. Higher electricity costs will slow economic development, discourage investment, and put undue financial strain on Kenyan citizens.

(c) Deterrence of private sector investment

29. The 25% excise duty on transformers, introduced in the Tax Laws (Amendment) Act, 2024, increases costs for private power producers, including Independent Power Producers (IPPs), who contribute 28% of Kenya's electricity supply. This tax may deter investment, raise electricity costs, and strain the grid, potentially leading to power shortages and hindering progress toward universal electricity access.

New Proposal

30. Westminster noted that the Tax Laws (Amendment) Act, 2024, contains an error in the classification and description of glass, specifically regarding float glass and safety glass. The Act incorrectly refers to tariff code 7007 instead of 7005 for imported float glass, causing confusion and unintended consequences, particularly in the transportation sector, which relies on correctly classified glass for safety and regulatory compliance.

31. The stakeholder proposed deleting the entire provision to prevent unintended consequences that could disrupt the transport sector. However, should the provision be retained, they suggested that glass used in vehicles, aircraft and rail—including laminated and tempered glass classified under Heading 7007—be explicitly excluded from its scope as this significantly impacts safety.

32. The reasons for the proposed deletion by the stakeholder were as follows—

(a) EAC Band rates

33. The East African Community Common External Tariff (EAC CET) assigns a 0% duty rate to raw materials and a 10% duty rate to intermediate products that the region cannot produce locally. Safety glass, including laminated and tempered glass under Heading 7007, falls under the 10% duty rate due to the EAC's lack of local manufacturing capacity for these products.

34. This classification ensures that essential safety components remain accessible while recognizing the limitations in domestic production capabilities.

(b) OEM requirements

35. Heading 7007 covers safety glass used in transportation, including vehicles, trains, and airplanes, which must meet strict safety standards to protect passengers during impact. Due to these stringent requirements, Kenya lacks local OEMs capable of producing safety glass that meets international standards.

36. Imposing a tax on this critical component would limit access to high-quality OEM-produced safety glass, making it more expensive and difficult to source. This could force businesses and individuals to use substandard alternatives, increasing the risk of accidents and compromising public safety, as poor-quality glass may fail under impact.

(c) Compliance with customs laws

37. For the Tax Laws (Amendment) Act to be effective, it must avoid ambiguity, particularly in the classification and description of products under the East African Community (EAC) Common External Tariff (CET). The CET, which is a uniform tariff system for EAC member states, follows the Harmonized System (HS) for classifying goods, ensuring consistent import duties across the region. The law as presented incorrectly classifies imported float glass under HS Code 7007, while it should be

under HS Code 7005, as outlined in the EAC CET. This discrepancy undermines the clarity and enforceability of the law.

38. Kenya, a signatory to the Harmonized System since 1989, adopted the Common External Tariff through the East African Community Union's Protocol. This system is meant to align with international standards, as detailed in Articles 8 and 12 of the EAC Protocol and further explained in Annex I of the East Africa Customs Union. The EAC CET, which uses the Harmonized System, ensures uniformity in goods classification, but the misclassification of float glass under the wrong heading is inconsistent with these established standards. This could create regional issues for Kenya.

Committee Observation

The Committee noted the new proposal by the stakeholder and made the following observations:

(a) The Tax Laws (Amendment) Act, 2024 (contained an amendment that imposed excise duty on imported float glass in the following manner:

Description	***Rate of Excise Duty***
Imported Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked of tariff 7007	**35% of custom value or KSh.200 per kg**

(b) According to the East African Community Common External Tariff (EAC CET), *float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or nonreflecting layer, but not otherwise worked*, has a tariff heading 70.05 whereas the H.S. Code/Tariff Numbers are 7005;

(c) The EAC CET, further provides that, *safety glass, consisting of toughened (tempered) or laminated glass, has a tariff heading 70.07 whereas the H.S. Code/Tariff Numbers are 7007;*

(d) That, due to the mismatch between the tariff description and the tariff code , the provision has proved difficult to enforce, thus leading to loss of revenue.

(e) **The Committee, therefore agrees with the stakeholder that the tariff 7007 for float glass was erroneous and ought to have been 7005 in accordance with the EAC CET.**

3.2.3 INSTITUTE OF CERTIFIED ACCOUNTANTS OF KENYA (ICPAK)

ICPAK appeared before the Committee and submitted as follows:

39. The Tax Laws (Amendment) Act, 2024, which became effective from 27 December, 2024, brought significant changes to the provisions of the Excise Duty Act with an imposition of the 25% tax on imported assembled electric transformers and parts to support local assemblers, but instead resulted in increasing the cost of importing parts.

40. While the Bill intends to reduce costs and improve access to quality transformers, this could undermine local manufacturing and endanger Kenya's efforts to achieve self-sufficiency in critical infrastructure.

41. Kenya's local transformer manufacturing industry mainly imports parts for the assembling or manufacturing of transformers.

42. The existing local capacity is for the production with a power handling capacity of 1000kVA and below. However, KPLC and other electricity providers need larger transformers above 1000kVA to meet the growing electricity demand and expand electricity.

43. ICPAK proposed an amendment of clause 2 of the Bill to exclude parts and imported fully assembled electric transformers with a power handling capacity of over 1000 kVA.

44. Additionally, to grow the capacity of local electric transformer manufacturers, ICPAK proposed a provision of incentives to deter importation. This may be in the form of gradual imposition of excise duty from say 5% to the current 25% on imported fully assembled electric transformers with a power handling capacity of over 1000 kVA, over a 3-year period.

45. The justifications for the proposals were two-fold:
    (a) Excluding imported fully assembled electric transformers with a power handling capacity of over 1000 kVA will shield electricity suppliers from the high costs of power installation; and
    (b) Gradually increasing excise duty on imported fully assembled electric transformers will encourage industrialization in the country while deterring the importation of finished products.

Committee Observation

The Committee noted the submissions by the stakeholder and made the following observations:

(a) The Committee was not persuaded that excluding from excise duty imported fully assembled electric transformers with a power handling capacity of over 1000 kVA will shield electricity suppliers from high costs of power installation;

The parts of electric transformers under H.S Code/Tariff Number 8504.90.00 in the EAC ECT currently attract a Common External Tariff rate of 0% in respect of parts of electric transformers imported into the EAC;

(b) The Bill seeks to return the status quo before the passage and coming into force of the Tax Laws (Amendment) Act, 2024 where there would be no excise duty imposed on the importation of parts of electric transformers thus the stakeholder's proposal in this respect is catered for in the Bill;

(c) The EAC ECT does not have H.S Code/Tariff Number for electric transformers with a power handling capacity of 1000 kVA and below; thus, H.S Code/Tariff Number 8504.21.00 is for electric transformers having a power handling capacity not exceeding 650 kVA, H.S Code 8504.22.00 is for electric transformers having a power handling capacity exceeding 650 kVA but not exceeding 10,000 kVA and H.S. Code 8504.23.00 is for electric transformers having a power handling capacity exceeding 10,000 kVA;

(d) The Committee noted submission made by the Kenya Power and Lighting Company, to the effect that any excise duty imposed on any transformers or transformer parts, would inevitably lead to an increase in government expenditure, as the assemblers would transfer the cost to the government;

3.2.4 Institute of Public Finance (IPF)

46. IPF through a written memoranda IPF/CEO/SBM/02/04-2025 submitted as follows:

47. IPF supported the proposed amendment noting that removing excise duty on imported electric transformers and related components will likely make power infrastructure more affordable and encourage investment in electricity expansion.
48. However, they stated that while the move may support economic growth and infrastructure development, it could also result in short-term revenue losses for the government.

3.2.5 Pan Africa Transformers & Switchgears Ltd

Pan African Transformers & Switchgears Ltd appeared before the Committee and supported the proposed amendment.

49. Electricity transformers are critical equipment in the supply of electricity. The introduction of 25% Excise duty on transformers will directly increase the cost of transformers.

50. Pan Africa Transformers & Switchgears Limited stated that they are a key contributor to the local economy, employing over 100 direct staff and indirectly supporting more than 300 families. As part of our expansion plans, we aim to grow our operations to employ up to 2,000 staff, further strengthening our contribution to job creation and economic development. If these duties remain in place, they will severely impact the industry's growth, limit job creation, and contradict the government's commitment to fostering local manufacturing and industrialization.

51. Additionally, they noted that this exemption is essential to enable them to fulfill their ongoing contracts with Kenya Power & Lighting Co (KPLC) without disruption. Failure to address this issue will result in a 25% increase in electricity prices and production costs, with widespread economic consequences across all sectors.

Committee Observation

The Committee noted that there is a need to have more discussion with the existing local assemblers to identify the appropriate incentives for the sector.

3.2.6 Yocean Group Ltd

Yocean Group Ltd appeared before the Committee and submitted as follows:

52. The stakeholder supported the proposed amendment, noting that imposing a 25% excise duty on transformers and their parts has significantly increased the cost of electricity infrastructure, slowing down electrification projects and industrial growth.

53. Removing the duty will reduce costs, encourage investment in the energy sector, and support Kenya's development agenda. Additionally, reducing costs for power infrastructure will ultimately translate to lower electricity tariffs for consumers.

Committee Observation

The Committee noted that there is a need to have more discussion with the existing local assemblers to identify the appropriate incentives for the sector.

CHAPTER FOUR

4 COMMITTEE OBSERVATIONS

54. The Committee made the following observations:

(a) The Bill seeks to amend the Excise Duty Act, Cap. 472, to remove excise duty on imported fully assembled electric transformers. This excise duty was imposed in the Tax Laws (Amendment) Act, 2024 to support local assemblers of electric transformers. However, the amendment has negatively affected the manufacture and supply of transformers by increasing the cost of importing parts.

(b) Kenya is still in the infancy stage in the manufacturing of transformers. due to the fact that most of the transformer parts are not manufactured locally and therefore kenya firms ordinarily assemble imported parts of the transformers.

(c) The Bill will reduce the cost of electricity and enhance power connectivity through additional transformer manufacturing and supply to Kenya Power and Lighting Company.

(d) Suppose the status quo remains and the imposition of 25% excise duty is sustained on imported fully assembled electric transformers and their parts. In that case, the cost of transformers will increase, reducing the number of transformers that can be procured within the current budget and cash flow position of KPLC. This may exacerbate outages across the country due to the unavailability of sufficient transformer stocks.

(e) The Tax Laws (Amendment) Act, 2024 contained an amendment that imposed excise duty on imported float glass in the following manner:

Description	***Rate of Excise Duty***
Imported Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked of tariff 7007	**35% of custom value or KSh.200 per kg**

(f) According to the East African Community Common External Tariff (EAC CET), *float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or nonreflecting layer, but*

***not otherwise worked*, has a tariff heading 70.05 whereas the H.S. Code/Tariff Numbers are 7005;**

(g) The EAC CET, further provides that, *safety glass, consisting of toughened (tempered) or laminated glass, has a tariff heading 70.07 whereas the H.S. Code/Tariff Numbers are 7007;*

(h) The tariff 7007 for float glass was erroneous and ought to have been 7005 in accordance with the EAC CET. This therefore needs to rectified through an amendment to the Bill.

CHAPTER FIVE

4 COMMITTEE RECOMMENDATION

55. The Committee, having considered the Excise Duty (Amendment) Bill, 2025 (National Assembly Bills No. 7 of 2025) recommends that the House approves the Bill with amendments proposed in the Schedule of Amendments.

SIGNED...DATE 8th April, 2025

HON. CPA KURIA KIMANI, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 08 APR 2025 DAY.
TABLED BY:
CLERK-AT THE-TABLE:

SCHEDULE OF PROPOSED AMENDMENTS

CLAUSE 2

THAT, the Bill be amended by deleting clause 2 and substituting therefor the following new clause—

Amendment of the First Schedule to Cap.472.	**2.** The First Schedule to the Excise Duty Act is amended in part I—

(a) by deleting the following item and the corresponding rate of excise duty—

Description	*Rate of Excise Duty*
Imported Fully Assembled Electric transformers and parts of tariff codes 8504.10.00, 8504.21.00, 8504.22.00, 8504.23.00, 8504.31.00, 8504.32.00, 8504.34.00	25%

(b) In the tariff description, "Imported Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked of tariff 7007" by deleting the tariff number "7007" and substituting therefor the tariff number "7005".

Justification

The proposed amendment is to ensure that the tariff description for "Imported Float glass and surface ground or polished glass, in sheets whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked" contains the correct tariff code, that is, tariff code 7005.

This will remove ambiguity in the provision and ensure ease in enforcement.