

SPECIAL ISSUE



THE KENYA GAZETTE

Published by Authority of the Republic of Kenya

(Registered as a Newspaper at the G.P.O.)

Vol. CXXVII—No. 43

NAIROBI, 28th February, 2025

Price Sh. 60

GAZETTE NOTICE No. 2661

KENYA REVENUE AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2024

KEY INFORMATION AND MANAGEMENT

(a) Background Information

Kenya Revenue Authority (KRA) is a statutory body established by an Act of Parliament, KRA Act Cap 469 of 1995.

(b) Principal Activities

The Authority's objectives are the assessment and collection of revenue, administration, enforcement of laws relating to and accounting for revenue collected under the Act.

MISSION To enhance mobilisation of government revenue and to facilitate growth in economic activities and trade by ensuring compliance with tax and customs laws.

VISION A Globally Trusted Revenue Agency Facilitating Tax and Customs Compliance.

CORE VALUES

- Trustworthy
- Ethical
- Competent
- Helpful

(c) Key Management

The Authority's day-to-day management is under the following key organs;

- Office of the Commissioner General,
- Domestic Taxes Department,
- Customs & Border Control Department,
- Corporate Support Services Department,
- Investigations and Enforcement Department,
- Strategy, Innovation & Risk Management Department,
- Legal Services & Board Coordination Department,
- Intelligence & Strategic Operations Department and,
- Kenya School of Revenue Administration (KESRA)

(d) Fiduciary Management

The key management personnel who held office during the financial period ended 30th June 2024 and who had direct fiduciary responsibility were: The key management personnel who held office during the financial period ended 30th June 2024 and who had direct fiduciary responsibility were:

• Commissioner General	Humphrey Wattanga.
• Domestic Taxes Department	Rispah Simiyu.
• Customs & Border Control Department	Lillian Nyawanda.
• Corporate Support Services Department	Nancy Ng'etich.
• Investigations, Enforcement Intelligence and Strategic Operations	David Yego.
• Strategy, Innovation & Risk Management Department	Alex Mwangi.
• Legal Services & Board Coordination Department	Paul Matuku.
• Kenya School of Revenue Administration (KESRA)	Fred Mugambi.
• Finance Division	Josephat Omondi.
• Procurement Division	Benson Kiruja.

(e) Fiduciary Oversight Arrangements**1. HUMAN RESOURCES COMMITTEE**

The Committee:

1.1 Oversees:

- (a) Implementation of Human Resources Instruments as approved by the Board and the relevant Authorities;
- (b) First level interviews for Senior Management and recommend to the Board appropriate Candidates for final interviews;
- (c) Implementation of the Human Resources Annual Work Plan and
- (d) Implementation of the Board of Directors Performance Contract.

1.2 Reviews and recommends to the Board for approval:

- (a) Human Resources policies, Management proposals on changes in the organizational structures as provided for in the KRA Act,
- (b) Mitigation strategies to address potential workforce productivity risks and Board of Directors Performance Contract,
- (c) Quarterly Self-assessments and National Treasury Annual assessments.

1.3 Reviews and recommends to the Board on the status of:

- (a) Human Resources Demographics and Diversity,
- (b) Staff Establishments, Exits and Recruitments,
- (c) Staff Training and Capacity Development,
- (d) Employee Welfare and Discipline Management and Employee Performance Management.

2. FINANCE, ADMINISTRATION AND PROCUREMENT COMMITTEE

The Committee:

2.1 Reviews and recommends to the Board for approval statutory financial statements prior to submission to statutory bodies.

2.2 Receives financial reports for consideration and recommendation to the Board for information or approval.

2.3 Provides oversight on:

- (a) Assets management for optimal utilization;
- (b) Work environment for improved staff and customer satisfaction;
- (c) Facilities management for provision and maintenance of good working tools and environment and
- (d) Security and safety reports to ensure a secure and safe working environment.

2.4 Offers oversight on procurement and disposal matters.

3. BOARD AUDIT AND RISK COMMITTEE

The Committee:

3.1 Provides assurance to the Board regarding the quality and reliability of both financial and operating information.

3.2 Receives reports on the audit work plan and activities of both the internal and external auditors.

3.3 Reviews the effectiveness of the Internal Audit function, including compliance with Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

3.4 Reviews the effectiveness of the system monitoring compliance with Laws and Regulations, approved Procedures, Guidelines and Instructions of the Board of Directors and the results of Management's investigation and follow up (including disciplinary action) of any instances of non-compliance.

3.5 Advises the Board on the Authority's on the overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and current risk exposures of the Authority and future risk strategy.

3.6 Reviews the Authority's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used and approve the parameters used in these measures and the methodology adopted; the Authority's capability to identify and manage new risk types and reports on any material breaches of risk limits and the adequacy of proposed action.

4. REVENUE, STRATEGY AND TECHNOLOGY COMMITTEE

The Committee:

4.1 Reviews, guides the development and monitor the implementation of corporate Strategic Plan and recommend to the Board for approval.

4.2 Monitors implementation of research agenda and innovation outcomes and recommend to the Board for approval.

4.3 Reviews and offer guidance on matters related to tax administration and collection of revenue.

4.4 Review and provide guidance and oversight on ICT policies and strategies and optimisation of ICT in revenue collection and administration.

(f) Headquarters

Times Tower Building, Haile Selassie Avenue,
P.O. Box 48240 – 00100, Nairobi, Kenya.

(g) Contacts

Telephone (254) 020-310900, 2810000, 315553
Email callcentre@kra.go.ke , cic@kra.go.ke
Website www.kra.go.ke

(h) Bankers

National Bank of Kenya Limited,
Harambee Avenue Branch,
P.O. Box 41862-00100 Nairobi, Kenya.
Kenya Commercial Bank Limited,
Haile Selassie Branch,
P.O. Box 58992-00200 Nairobi, Kenya.

Cooperative Bank of Kenya Limited,
Co-Op House Branch,
P.O. Box 67881-00200 Nairobi, Kenya.

Housing Finance Group,
Rehani House,
P.O. Box 30088-00100 Nairobi, Kenya.

(i) Independent Auditors

Auditor General,
Office of the Auditor General,
Anniversary Towers, University Way,
P.O. Box 30084,
GPO 00100,
Nairobi, Kenya.

(j) Principal Legal Advisor

The Attorney General,
State Law Office,
Harambee Avenue,
P.O. Box 40112,
City Square 00200,
Nairobi, Kenya.

BOARD OF DIRECTORS

1. ANTHONY NG'ANG'A MWAURA

Independent Board Chairman

Mr. Anthony Ng'ang'a Mwaura is the Chairman of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed as the Chairman of the Board on 17th November, 2022 for a term of three (3) years.

Mr. Mwaura is a dynamic professional with vast experience in Strategy, Vision & Mission Planning; Sales & Marketing Leadership; Profitability & Cost Analysis; Programs, Services & Products Billing; Debt Recovery & Cash Management; Contract Negotiations & Strategic Alliances; Finance, Budgeting & Costs Management; Public Relations & Media Affairs; Policy & Products Development; Government Regulations & Relations; Team Building & Performance Improvement and Human Resources Management. He is an experienced manager, team player and problem-solver with keen attention to customer needs and details.

Mr. Mwaura is an Educationist with vast experience in Managing Learning Institutions. He holds a Bachelor of Education Degree from the Kisii University and a Diploma in Business Management from the Kenya Institute of Management.

2. AMOLO NG'WENO

Independent Director

Ms. Amolo Ng'weno is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed on 15th December, 2023 for a term ending on 12th January, 2026.

She holds a Bachelor of Arts Degree (Psychology and Social Relations) from Harvard University, Cambridge, Massachusetts (USA) and a Master of Public Administration, Economics and Public Policy from the Princeton University, Princeton, New Jersey (USA). Furthermore, she has extensive experience in public, private and philanthropic sectors, specialist in innovation and technology entrepreneurship.

Currently, she is the Chief Executive Officer, BFA Global (Nairobi, Kenya and Boston, Massachusetts) since 2018, which specializes in financial and technical innovation for a more equitable and sustainable world. Prior to becoming the Chief Executive Officer of BFA Global, she was the East Africa Regional Director from 2015 to 2017.

Ms. Amolo Ng'weno has previously held the positions of Managing Director - Digital Divide Data Kenya Limited (Kenya, Tanzania and South Africa 2011-2015), Deputy Director - Financial Services for The Poor, Bill & Melinda Gates Foundation (Seattle, USA 2006-2011), Co-Founder and Board Director - Biashara.Biz Limited (Kenya 2001-2007), Chief Operations Officer - Trust for African Rock Art (Kenya 2004-2006), Co-Founder - Africa Online (Kenya and Cote d'Ivoire 1991-2001) and as an Economist for the World Bank (Washington DC, USA 1991-1995).

She serves as the Board Chair of GoSoft Integrated Services and has previously served as a Board member, GSMA Mobile for Development Foundation; Chair, Management Committee, Gui2de Center (Nairobi) of Georgetown University; Trustee, National Environmental Trust Fund and Board member of the Zimele Asset Management Company Limited.

Ms. Amolo Ng'weno has authored several publications on inclusive finance and the lives of low income people, pioneering mobile money service (M-PESA) and savings groups in Kenya.

She is the Chairperson of the Kenya Revenue Authority Staff Pension Scheme (KRASPS) Board of Trustees and a Member of the Revenue, Strategy and Technology Committee.

3. ASHIF KASSAM, OGW

Independent Director

Mr. Ashif Kassam is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed on 12th June, 2023 for a term of three (3) years.

He is a professional accountant with a wealth of expertise and experience dating back to 1994. He specialises in audit and assurance, transaction advisory, corporate restructuring and family business consulting, helping organisations create and deliver value.

Mr. Ashif Kassam is the Founder and Executive Chairman of RSM Eastern Africa LLP. He is the outgoing President of the Entrepreneurs Organisation (EO) where he has been a member since 2014.

Mr Kassam is the Vice President of the Aga Khan Council for Kenya, Chairman of Jubilee Asset Management Limited. He has been a director on Jubilee Holding Ltd and has been a member of KEPISA's Governing Council and a former Chair of its Finance Sector Board and Tax Taskforce and has served as a Director of Telkom Kenya Limited.

He has represented Middle East and Africa on the International Audit and Assurance Standards Board (IAASB). He has also been a member on the ICPAK Council and has over twenty-five (25) years of service on various committees including Public Finance, Financial Services and Professional Standards.

Mr. Ashif Kassam is a fellow member of Institute of Certified Public Accountants of Kenya (ICPAK), a fellow member of Association of Chartered Certified Accountants, UK (ACCA), a practicing member of Institute of Certified Public Accountants of Uganda (ICPAU), a member of the National Board of Accountants and Auditors in Tanzania (NBAA), and a member of Chartered Institute of Arbitrators, UK (MCIArb).

He is the Chairperson of the Revenue, Strategy and Technology Committee and a Member of the Kenya Revenue Authority Staff Pension Scheme (KRASPS) Board of Trustees.

4. LYDIA RONO

Independent Director

Ms. Lydia Rono is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed on 15th December, 2023 for a term ending on 12th January, 2026.

She has a Master of Business Administration (Finance) from the University of Nairobi and a Bachelor of Commerce from Daystar University. She is also a Certified Executive Leadership Coach and has earned multiple certifications in banking, finance, and leadership. Professional affiliations include memberships in Kenya Institute of Bankers and Kenya Institute of Directors.

Lydia Cheron Rono is a seasoned executive with over thirty (30) years of extensive experience in the banking industry, specializing in corporate and institutional banking. She currently holds the position of Group Director, Corporate & Institutional Banking Division, at Co-operative Bank of Kenya, where she leads multiple departments including Corporate Banking, Mortgage Finance, and E-commerce, overseeing a team of over one hundred (100) professionals.

Her career is marked by her strategic leadership in enhancing operational efficiencies, increasing deposits, and spearheading sales strategies that significantly grow the bank's asset base. Her tenure as Group Director of Operations saw her leading two hundred and fifty (250) staff, digitizing operations, and maintaining strict compliance with regulatory standards. Her governance roles are equally notable.

As a Board Member and Chairperson at the Kenya Revenue Authority's Finance, Administration and Procurement Committee, she oversees governance, operational efficiency, and strategic policy implementations. She also holds significant trustee and board member roles in several Real Estate Investment Trusts and CIC Insurance Group, guiding financial and investment strategies to bolster organizational growth.

With a deep-rooted passion for leadership and development, Lydia is recognized for her ability to inspire teams, implement comprehensive strategies, and drive significant business advancements, making her a pivotal asset to the financial sector.

5. HADI SHEIKH ABDULLAHI

Independent Director

Mr. Hadi Sheikh Abdullahi is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed on 15th December, 2023 for a term ending on 12th January, 2026.

He holds a Bachelor of Arts Degree (Economics and Sociology) from Egerton University- Njoro, a Master of Business Administration Degree from Moi University – Eldoret and a post graduate diploma in Tax from the Kenya School of Revenue Administration (KeSRA). Furthermore, he has extensive knowledge in Tax Laws and is an expert in International/Regional Trade and Customs.

Currently, Mr. Hadi Sheikh Abdullahi is the Lead Consultant, Westminster Consulting Limited. Prior to this position, he worked at the Kenya Revenue Authority from 1996 upto 2020 rising through the ranks to the position of Chief Manager –Customs and International Tax Policy.

At Westminster Consulting Limited, he has advocated for trade issues pertaining to regional integration; provided his expert opinion on trade remedies, trade investment schemes (Export Promotion Zones, Special Economic Zones) including guidance on mode of operationalizing SEZs; trade policy and advisory on scenario planning including analysis of fiscal; non-fiscal measures and impacts on the Harmonised Commodity Coding System (HS codes), rules of origin criteria, business trend analysis, and cross border trade, amongst others.

He is the Chairperson of the Board Audit Committee and a Member of the Human Resources Committee and the Revenue, Strategy and Technology Committee.

6. RICHARD BORO NDUNG’U

Independent Director

Mr. Richard Boro Ndung’u is a Member of the Board of Directors of the Kenya Revenue Authority (KRA). He was appointed on 15th December, 2023 for a term ending on 12th January, 2026.

He holds a Bachelor of Commerce (Accounting Option) (Honours) from the University of Nairobi.

Mr. Richard Boro Ndung’u currently serves on various private boards and in family-owned enterprises.

He is also a Certified Executive Leadership Coach (CELC), and a member of the International Coaching Federation (ICF) Kenya Chapter and has successfully undergone corporate governance and leadership training undertaken by the Centre for Corporate Governance (CCG). He has previously served as the first Kenyan Chief Executive Officer & Senior Partner of KPMG Kenya & East Africa and the Head of Tax at KPMG Kenya & East Africa.

Through his then membership of the Council of the Institute of Certified Public Accountants of Kenya (ICPAK), he served as a Founder Director in the previous Kenya Anti-Corruption Commission (KACC) Advisory Board, which subsequently gave way to the current Ethics and Anti-Corruption Commission (EACC), and he also served on the Board of the then Kenya College of Accountancy, and became one of the Founding Trustees that oversaw its transition and transformation into the current KCA University.

During his long career in Tax which began in 1989, he witnessed and actively participated in some of the momentous changes that have shaped Kenya’s fiscal policy, legislation, regulation, and administration, including the celebrated establishment of the KRA itself in 1995.

Mr. Richard Boro Ndung’u was awarded a Fellowship of ICPAK for his committed and distinguished service to Kenya, ICPAK and to the accountancy profession.

He is the Chairperson of the Human Resources Committee and a member of the Board Audit Committee.

7. WILKISTER SIMIYU

Independent Director

Ms. Wilkister Simiyu was appointed as a Member of the Board of Directors of Kenya Revenue Authority on 12th January, 2023 for a term of three (3) years with effect from 13th January, 2023. The appointment was revoked on 13th December, 2023

She holds a Bachelor of Laws (LLB) Degree from Moi University and a Master of Laws Degree (Commercial and Corporate Law) from the University of London and is also a Certified Public Secretary (Kenya). She is a trained legal and governance auditor as well as a Governance, Ethics, Risk and Compliance expert.

Ms. Wilkister Simiyu is a consummate governance professional who has worked as an advocate in various law firms. She has also worked as an in-house advocate and Company Secretary in various organisations in Kenya and East Africa. She is currently engaged in Private practice, Training and Consultancy on Governance.

She is an Advocate of the High Court of Kenya and Member of the Law Society of Kenya (LSK) and East African Law Society (EALS) and Institute of Certified Secretaries (ICPS-K).

Ms. Wilkister Simiyu was a Member of the Human Resources Committee of KRA’s Board of Directors and the Chairperson of the Kenya Revenue Authority Staff Pension Scheme Board of Trustees.

8. DARSHAN SHAH

Independent Director

Mr. Darshan Shah was appointed as a Member of the Board of Directors of Kenya Revenue Authority on 12th January, 2023 for a term of three (3) years with effect from 13th January, 2023. The appointment was revoked on 13th December, 2023.

He is a partner with PKF Kenya LLP with twenty-two (22) years of professional experience in tax advisory, mergers and acquisitions, financial consultancy and audit/assurance services. He currently serves as the Head of Assurance for PKF in Eastern Africa.

Mr. Darshan Shah is also the co-author of the Wiley International Financial Reporting Standards (IFRS) Interpretations Guide 2014 - 2022 and has extensive knowledge and experience of IFRS.

He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Public Accountants of Uganda and Institute of Chartered Accountants in England and Wales, UK (ACA). He is also a Fellow of the Chartered Institute of Certified Accountants (FCCA), UK.

Mr. Darshan Shah served as the Chairperson of the Audit and Risk Committee of KRA's Board of Directors and a Member of the Kenya Revenue Authority Staff Pension Scheme (KRASPS) Board of Trustees and Chairperson of the KRASPS Finance and Investment Committee.

He was the Chairperson of the Finance, Administration and Procurement Committee and a Member of the Revenue, Strategy and Technology Committee of the KRA's Board of Directors.

9. MICHAEL KAMAU KAMIRU, MBS

Independent Director

Mr. Michael Kamau Kamiru was appointed as a Member of the Board of Directors of Kenya Revenue Authority on 12th January, 2023 for a term of three (3) years with effect from 13th January, 2023. The appointment was revoked on 13th December, 2023.

He holds a Bachelor of Commerce Degree (Honours) from Catholic University of Eastern Africa and a Master Degree in Business Administration (Corporate Management) from KCA University.

Mr. Kamiru is currently the Head of Governance, Risk and Compliance at Jubilee Allianz General Insurance Limited. He is a Finance Management and Risk Management professional with over twenty-seven (27) years of demonstrated leadership and management experience in the Kenyan insurance industry. He also has extensive experience in strategic management; financial management; financial reporting; budgetary control management; forecasts and projection models; Governance and risk management.

In social service, he is the current Chairman of the Gaicanjiru High School Board of Management, Vice Chairman of the Nkoro Catholic Parish and member of the Board of United Family Sacco Limited.

He is a member of the Institute of Certified Accountants of Kenya (ICPAK).

Mr. Kamiru was the Chairperson of the Human Resources Committee and a Member of the Finance, Administration and Procurement Committee of the KRA's Board of Directors.

10. SAMIR IBRAHIM

Independent Director

Mr. Samir Ibrahim was appointed as a Member of the Board of Directors of Kenya Revenue Authority on 12th January, 2023 for a term of three (3) years with effect from 13th January, 2023. The appointment was revoked on 13th December, 2023.

He holds a Bachelor of Science Degree in Finance and International Business from the New York University, Leonard N. Stern School of Business.

Mr. Samir Ibrahim is the Chief Executive Officer and Co-Founder of SunCulture Kenya Limited, which deals with climate, solar, agriculture, food systems and security, water, financing and Internet of Things. He is also an advisor to Ezra Venture Studio, a team and network of company builders and climate finance experts.

In social service, he is the founder of Shikilia, a collaboration between private sector and non-profit organizations to raise money and advocate for sending monthly cash transfers to low-income households during the Covid-19 pandemic. He is also a member of the Young Presidents Organization, an Endeavour Entrepreneur, and a Future Energy Leader Alumni of the World Energy Council.

Mr. Samir Ibrahim has served as a Member of the Finance, Administration and Procurement Committee and Revenue, Strategy and Technology Committee of KRA's Board of Directors.

He was a member of the Board Audit and Risk Committee and a Member of the Kenya Revenue Authority Staff Pension Scheme (KRASPS) Board of Trustees.

11. DR. FANCY TOO, MBS

Independent Director

Dr. Fancy Too was appointed as a Member of the Board of Directors of Kenya Revenue Authority on 12th January, 2023 for a term of three (3) years with effect from 13th January, 2023. The appointment was revoked on 13th December, 2023.

She holds a Bachelor of Laws (Honours) (LLB) Degree from Moi University, a Master of Laws Degree and a Doctor of Philosophy (PhD) in Laws from Nottingham Trent University (United Kingdom).

She is a resourceful legal expert with excellent communication skills; deep knowledge on constitutional law, corporate governance, contracts, commercial law, insolvency and intellectual property and a legal researcher with experience in legal analysis and reasoning techniques.

Dr. Fancy Too is an accomplished author and widely published in Insolvency Law.

She is the Director, Graduate Programs (LLM and LLD) at the Strathmore University Law School. She has also previously served as the Dean, Kabarak University Law School.

In social service, she is a Board of Management Chair at Kipteris Girls High School.

Dr. Fancy Too is an Advocate of the High Court of Kenya and Member of the Law Society of Kenya.

She was the Chairperson of the Revenue, Strategy and Technology Committee and a Member of the Audit and Risk Committee of KRA's Board of Directors.

13. HUMPHREY MULONGO WATTANGA

COMMISSIONER GENERAL

Mr. Humphrey Wattanga was appointed the Commissioner General of Kenya Revenue Authority (KRA) on 22nd August 2023. Prior to his appointment, he was the Managing Director of Meghraj Capital Group, the investment banking advisory arm of the Meghraj Group and an international firm founded by Meghji Pethraj Shah (MP Shah). In this role, he provided strategic leadership on mergers, acquisitions, partnerships and joint ventures, equity and debt raising and cross-border investments for markets in East Africa, India and Japan. Before joining Meghraj Group, Mr. Wattanga served a six-year term as Commissioner and Vice Chair of the Commission on Revenue Allocation (CRA) until December 2022.

He is a corporate finance professional with over 20 years of international experience in mobilizing capital and structuring financial transactions in the public and private sectors. He has also been keen on application of technology to increase efficiency in organisations. Mr. Wattanga began his career in the United States, working for the largest telecommunications company (AT&T) before relocating to South Africa for a decade as a Senior Partner of AFCORP Investments limited, a specialist corporate finance and transaction advisory firm undertaking and structuring capital raising transactions across the continent.

Mr. Wattanga played a key role in the conceptualisation, design, development and implementation of a groundbreaking mobile gateway platform that linked Kenya's mobile money platforms to the Nairobi Securities Exchange, which was used to launch the M-Akiba bond. At CRA, he led the performance review of numerous county revenue collection systems and guided a multi-agency effort to specify and develop a Single Integrated County Revenue Management System. Mr. Wattanga has served as a member of the investment committee of Kenya Climate Ventures (KCV), a pioneering climate-smart investment platform that supports small and medium-sized enterprises. He is a Platinum member of the Kenya Institute of Bankers.

He holds a Master of Business Administration in Information Systems Strategy and Economics from the Wharton School of Business (University of Pennsylvania) and is an alumnus of Harvard University where he graduated cum laude with a Bachelors in Biochemical Sciences.

REPRESENTATIVES OF THE NATIONAL TREASURY AND THE OFFICE OF THE ATTORNEY GENERAL

1. MUSA KATHANJE (ALTERNATE DIRECTOR TO THE CABINET SECRETARY, NATIONAL TREASURY AND PLANNING)

Mr. Musa Kathanje was appointed to the Kenya Revenue Authority Board as the Alternate to the Cabinet Secretary, National Treasury and Planning on 17th March, 2021 upto 30th July, 2023.

He holds a Masters degree in Business Administration and Bachelor degree in Economics, both from the University of Nairobi and is currently finalising a Phd in Business Administration - Finance from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya. He also holds a certificate in macroeconomic modeling under the United Nations/African Research Network for Development Policy Analysis from the University of Pretoria, South Africa.

Mr. Musa Kathanje is the Director of Macro and Fiscal Affairs Department at the National Treasury having been appointed to the post in November, 2016. He joined the National Treasury in June, 2013 as the Head of Macro Division in the then Economic Affairs Department, on secondment from the Central Bank of Kenya where he was the Head of Monetary Policy Analysis Division.

He has over 26 years of experience in macro-economic policy formulation and analysis, fiscal and monetary policies formulation as well as regional economic integration policy gained from both the Central Bank of Kenya (June, 1996 to June, 2013) and at the National Treasury (June, 2013 to date).

2. LAWRENCE KIBET (ALTERNATE DIRECTOR TO THE PERMANENT SECRETARY, NATIONAL TREASURY)

Mr Lawrence Kibet was appointed to the KRA Board of Directors on 31st July, 2023 as the alternate to the Principal Secretary – The National Treasury.

He is currently the Director General, Public Investments and Portfolio Management. Prior to joining the National Treasury, he was the Chief Executive Officer of Image Registrars Limited. He is a seasoned professional with strong and successful experience in General Management, Commercial and Business Strategy, Accounting and Finance Management, Corporate Governance, Capital Raising, Commercial Law Practice, Project Management and Innovation Management.

His overall exposure cuts across several sectors-including Finance and Banking, Energy and Petroleum, Telecommunications and Technology, Logistics, Consumer Products, Banking, Agriculture, Mining, Manufacturing, and Commercial services-and in numerous markets across Africa.

Mr Kibet holds a Bachelor of Commerce Degree (Finance Option), Masters of Business Administration (MBA), Bachelor of Laws Degree (LLB) all from the University of Nairobi. He is a Master's Degree finalist in Public Policy and Management (MPPM) from Strathmore University with an exposure to the international module from New York University, Wagner School of Public Service.

He is a Member of Institute of Certified Public Accountants of Kenya (ICPAK), Certified Public Secretaries of Kenya (ICPSK), Member of the Law Society of Kenya (LSK) and Member of Investor Relations Society (UK).

His current responsibility at the National Treasury, entails coordinating, managing and providing leadership in Government investments and public enterprises, assets and liabilities in Government, public investment management and Government pensions.

3. JENNIFER WANGUI GITIRI, HSC (ALTERNATE DIRECTOR TO THE ATTORNEY GENERAL)

Jennifer Wangui Gitiri was appointed as a Member of the Board on 10th January, 2023 as the alternate to the Attorney General of the Republic of Kenya upto 4th February, 2024.

She holds a Bachelor of Laws (Honours) (LLB) Degree and two (2) Master of Laws Degrees in Public International Law and in Comparative Constitutional Law from the University of Nairobi and Central European University (Budapest, Hungary) respectively.

Ms. Jennifer Wangui Gitiri is the Corporation Secretary and Deputy Director, Legal Services at the Assets Recovery Agency. Prior to her current posting, she was a Principal State Counsel, Office of the Attorney General and Department of Justice. She is an experienced legal expert in constitutional law, international law, anti-money laundering, anti-corruption and assets recovery.

She is a Certified Public Secretary (CPS-K) and a trained Financial Action Taskforce (FATF) assessor by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).

Jennifer Wangui Gitiri is, an Advocate of the High Court of Kenya, a member of the Law Society of Kenya and a Member of the Institute of Certified Public Secretaries of Kenya.

4. WAIGI KAMAU (ALTERNATE DIRECTOR TO THE ATTORNEY GENERAL)

Mr. Waigi Kamau is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed as a Member of the Board on 5th February, 2024 as the alternate to the Attorney General of the Republic of Kenya.

He holds a Bachelor of Arts in Economics (Honours) degree, a Bachelor of Laws (LLB) Degree and a Post Graduate Diploma in Law from the Kenya School of Law. He is an advocate of the High Court of Kenya in good standing with over twenty-two years post admission experience. He is a member of the Chartered Institute of Arbitrators and is also a Certified Public Secretary (CPS-K).

Mr. Waigi Kamau is a Chief State Counsel, currently heading the Commercial, Tax and Arbitration Section in the Office of the Attorney-General. He has previously served as Regional Head – Office of the Attorney-General (Coast Region). He also served as Deputy Head - Host Country and Consular Affairs, Ministry of Foreign Affairs.

He has vast experience in varied areas of Law including Commercial law, employment law, administrative law, tax law, constitutional law, land law, tortious claims and environmental law acquired in his many years of active practice before both local and international courts and tribunals.

Mr. Waigi Kamau brings into the Board a wealth of managerial, policy and strategic experience having previously served as Chairperson of the Education Appeals Tribunal, as board member of the Nairobi Centre for International Arbitration and as a member of the Accountants Disciplinary Committee.

POST BALANCE SHEET EVENT

APPOINTMENT OF BOARD CHAIRMAN,

Hon. Ndiritu Muriithi

Mr. Ndiritu Muriithi was appointed Chairman of the Board of Directors of the KRA Board of Directors with effect from 19th December, 2024 in replacement of Mr. Anthony Ng'ang'a Mwaura who was moved to Kenya Rural Roads Authority (KeRRA).

MANAGEMENT TEAM

1. Commissioner General -Mr. Humphrey Mulongo Wattanga

Mr. Humphrey Wattanga was appointed the Commissioner General of Kenya Revenue Authority (KRA) on 22nd August 2023. Prior to his appointment, he was the Managing Director of Meghraj Capital Group, the investment banking advisory arm of the Meghraj Group and an international firm founded by Meghji Pethraj Shah (MP Shah). In this role, he provided strategic leadership on mergers, acquisitions, partnerships and joint ventures, equity and debt raising and cross-border investments for markets in East Africa, India and Japan. Before joining Meghraj Group, Mr. Wattanga served a six-year term as Commissioner and Vice Chair of the Commission on Revenue Allocation (CRA) until December 2022.

He is a corporate finance professional with over 20 years of international experience in mobilizing capital and structuring financial transactions in the public and private sectors. He has also been keen on application of technology to increase efficiency in organisations. Mr. Wattanga began his career in the United States, working for the largest telecommunications company (AT&T) before relocating to South Africa for a decade as a Senior Partner of AFCORP Investments limited, a specialist corporate finance and transaction advisory firm undertaking and structuring capital raising transactions across the continent.

Mr. Wattanga played a key role in the conceptualisation, design, development and implementation of a groundbreaking mobile gateway platform that linked Kenya's mobile money platforms to the Nairobi Securities Exchange, which was used to launch the M-Akiba bond. At CRA, he led the performance review of numerous county revenue collection systems and guided a multi-agency effort to specify and develop a Single Integrated County Revenue Management System. Mr. Wattanga has served as a member of the investment committee of Kenya Climate Ventures (KCV), a pioneering climate-smart investment platform that supports small and medium-sized enterprises. He is a Platinum member of the Kenya Institute of Bankers.

He holds a Master of Business Administration in Information Systems Strategy and Economics from the Wharton School of Business (University of Pennsylvania) and is an alumnus of Harvard University where he graduated cum laude with a Bachelors in Biochemical Sciences.

1. Commissioner – Domestic Taxes

FCCA CS Rispah Simiyu (Mrs) Advocate, EBS

Mrs. Rispah Simiyu was appointed Commissioner of Domestic Taxes with effect from 22nd October, 2020.

Prior to her appointment as Commissioner of Domestic Taxes, she served as the Deputy Commissioner in charge of the Tax Dispute Resolution Division.

She holds a Master of Laws degree with a bias in International Trade and Investment from the University of Nairobi, a Bachelor of Laws degree from the University of Dar-es-Salaam and a post-graduate Diploma in Law from Kenya School of Law. She has practiced and consulted on tax matters in Kenya, Tanzania and Uganda. She is a Fellow Chartered and Certified Accountant (FCCA), a member of the Law Society of Kenya, an Advocate of the High Court of Kenya, Notary Public, Commissioner for Oaths, Certified Public Secretary, a Certified Mediator (MTI) and a graduate of Strathmore University's Advanced Management Programme.

Mrs. Rispah Simiyu is a seasoned and grounded tax professional with over 23 years of experience. Before joining KRA in April 2018, she served as the Standard Chartered Bank Regional Tax Manager East Africa, where she also covered Transfer Pricing assignments in Africa, Middle East and Pakistan. While at the Bank, she served as a member of the Kenya Bankers Association (KBA) Finance and Audit Committee, and specifically as the Chairperson of the Tax Sub-Committee. She began her career at PricewaterhouseCoopers (PwC) in 2001.

She is a member of the Law Society of Kenya, Institute of Certified Public Accountants and Institute of Certified Secretaries.

2. David Mugo Mwangi

Acting Commissioner – Domestic Taxes

Mr. David Mugo Mwangi was appointed the Acting Commissioner for Domestic Taxes on 23rd February, 2023. The appointment ended on 21st August, 2023. Until his appointment, he was the Deputy Commissioner in charge of Tax Disputes Resolution in Kenya Revenue Authority.

He is a holder of a Bachelor of Arts Degree in Economics and Government from the University of Nairobi (UON) and Associate Diploma in insurance from the Kenya College of Insurance. He is also a Certified Professional Mediator from Mediation Training Institute (MTI).

Mr. David Mugo Mwangi joined the Kenya Revenue Authority in 1996 as an Assessor I.

He has a career in tax administration spanning over thirty three (33) years and has worked in many areas of tax administration including Taxpayer Audit, Tax Policy formulation, Taxpayer Compliance Management and Dispute Resolution. He pioneered the Independent Review of Objections in Kenya Revenue Authority in 2018 and has been a trainer at the Kenya School of Revenue Administration since 2005.

3. Commissioner – Strategy, Innovation and Risk Management

Dr. Mohamed Mohamud

Dr. Mohamed Omar was appointed Commissioner, Strategy Innovation & Risk Management from 1st October, 2015 to 30th September, 2023.

He is a holder of Doctors degree of Philosophy from The University of Leeds – UK, Master of Business Administration degree – MBA (E-Business) from The University of Sheffield, UK and Bachelor of Science degree (BSC-Business & Economics) from Vaxjo University, Sweden.

Dr. Mohamed Omar has vast experience in Strategy and Policy, spanning academia and public sector. Before joining KRA, he was the Economic Pillar Director at the Kenya Vision 2030 Delivery Secretariat, where he was responsible for providing leadership and strategic direction to the implementation of the economic pillar flagship projects. Previously, Dr Omar also worked as a lecturer at the University of Nairobi.

4. Mr. Alex Mwangi –

Acting Commissioner, Strategy, Innovation and Risk Management

Mr. Alex Mwangi was appointed Acting Commissioner, Strategy, Innovation and Risk Management on 4th September, 2023.

He holds a Bachelor's degree in Statistics from University of Nairobi and a Master's degree in Statistics from the same University. He has attended various local and international training programmes including Tax Policy and Administration at the National Tax College in Japan.

Mr. Alex Mwangi joined Kenya Revenue Authority on 14th January 2002 as a Graduate Trainee and has risen through the ranks to the position of Deputy Commissioner, Research, Knowledge Management and Corporate Planning.

Regionally, he has represented the Authority in international engagements including East African Revenue Authorities Technical Committee; development of African Tax Outlook by African Tax Administration Forum; Revenue Statistics in African by OECD; International Survey on Revenue Administration (ISORA); by International Monetary Fund (IMF) and formulation of Medium Term Revenue Strategy for Kenya.

5. Commissioner – Legal Services and Board Coordination

CS Paul Muema Matuku, EBS

Mr. Paul Muema Matuku was appointed Commissioner, Legal Services and Board Coordination on 15th May, 2019 and re-appointed on 15th May, 2024.

He is a holder of a Bachelors Degree in Law (LLB) from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. He is a Fellow of the University of Sydney, Graduate School of Government: Extractive Industries: Effective Governance, Taxation and Financial Management.

He is a beneficiary of the Strategic Leadership Programme at the Kenya School of Government and alumni of Strathmore Business School – Advanced Management Program (Executive MBA equivalent). He is also a graduate of Kenya Revenue Authority Training Institute (KRATI), now Kenya School of Revenue Administration (KESRA) where in trained on Tax & Customs Administration. He is an Advocate of the High Court of Kenya, Notary Public and Commissioner for Oaths and a Certified Public Secretary.

Mr. Paul Muema Matuku joined the Kenya Revenue Authority in 1996 as a Graduate Trainee and rose through the ranks to be a Commissioner.

He has been instrumental in the development and management of dispute resolution mechanisms in KRA having overseen the take-over of the defense of KRA tax disputes cases from the Attorney General in the year 2000 and the development and roll out of a more robust Alternative Dispute Resolution mechanism in the year 2015. He also contributed to the promulgation of the National Energy Policy, 2018; Petroleum Act, 2019 and the Model Production Sharing Contract.

Mr. Paul Muema Matuku is the Secretary to the Kenya Revenue Authority Board.

He is a member of the Law Society of Kenya, the East African Law Society and the Institute of Certified Secretaries, Kenya.

6. Commissioner – Investigations and Enforcement

Mr. David Yego

Mr. David K. S. Yego, was appointed Commissioner, Investigations, Enforcement Intelligence and Strategic Operations Department on 23rd February, 2023. He has previously served as Commissioner, Investigations & Enforcement Department and Commissioner, Regional Coordination.

He is a holder of a Master's Degree in Business Administration (MBA) from the University of Nairobi and a Bachelor's Degree in Mathematics and Economics from Kenyatta University. He is also a Certified Public Accountant of Kenya (CPAK).

Mr. David K. S. Yego joined the Kenya Revenue Authority in 1996 as a Graduate Trainee and rose through the ranks to be a Commissioner.

He has over fifteen (15) years' experience in senior management with roles in various Departments within the Kenya Revenue Authority with stint in the Internal Audit Division, Customs and Border Control Department and Commissioner General's office. He is instrumental in setting up the Intelligence Unit currently in the Office of the Commissioner General as well as the Prosecution Unit within the Investigations and Enforcement Department in alignment with the 10 OECD Global principles to ensure tax offenses are criminalised.

Mr. David K. S. Yego is a member of the Institute of Certified Public Accountants of Kenya.

7. Commissioner – Kenya School of Revenue Administration

Dr. Fred Mugambi Mwirigi

Dr. Mugambi Mwirigi was appointed as Head of the Kenya School of Revenue Administration (KESRA) with effect from 15th May, 2019 and re-appointed on 15th May, 2024. He has previously served as the Deputy Commissioner in charge of Academic and Students Affairs at KESRA.

He holds a PhD. in Entrepreneurship, a Master of Science degree in Entrepreneurship, a Bachelor of Business Administration (1st class honors) degree and a Diploma in Small Enterprise Management attained from Galilee International Management College, Israel. He is also a graduate of the Advanced Management Program from Strathmore University. Dr. Mugambi has also been trained in various areas in South Africa, China and Bangladesh.

Prior to joining KRA, Dr. Mugambi was the founding Director of the Mombasa Campus of The Jomo Kenyatta University of Agriculture and Technology (JKUAT) where he was the Director for 7 years. Overall, he taught at JKUAT for 11 years and rose to the level of Senior Lecturer. While at JKUAT he was also the Chairman of the Nairobi Industrial Park the initiative that gave rise to a bid by the University to assemble laptops for the government. Prior to joining JKUAT he taught at Kenya Methodist University and also worked at Kenindia Assurance Company.

He sits in various boards and committees. He currently sits on the African Tax Administration Forum (ATAF), Advisory Board of the African tax Research Network (ATRN). He has in the past served as the chairman of the Board Recruitment Committee for the Technical and Vocational Education and Training Authority (TVETA) under the Ministry of Education. Dr. Mugambi is also a member of Rotary International where he is involved in various philanthropic activities.

In the past, Dr. Mugambi has conducted Consultancy and training tasks for many national and international organizations including JICA, Ministry of Industrialization, Consumer International, FAULU Kenya, East African Breweries Limited, GIZ, Adam Smith International, Kenya Education Staff Institute, Kenya Coconut Development Authority and Githunguri Dairy Farmers Cooperative Society, among others in 6 countries.

8. Acting Commissioner – Corporate Support Services

Nancy Ng’etich

Ms. Nancy Ng’etich was appointed Acting Commissioner, Corporate Support Services on 23rd February, 2023.

She holds a Master’s Degree in Business Administration, Strategic Management from Kenyatta University, a Bachelor’s degree in Law from Moi University, postgraduate Diploma in Law from the Kenya School of Law, Senior Leadership training from Commonwealth Administration of Tax Administration (CATA) and Strathmore Business School (SBS).

Ms. Nancy Ng’etich joined Kenya Revenue Authority as a Graduate Trainee and has risen through the ranks to the position of Deputy Commissioner in Customs and Border Control. She has also served at Ernest &Young LLP as a Senior Manager Customs and Tax Advisory consulting.

She is a legal tax administrator in International Global Trade and Customs Laws. She has been instrumental in the Customs Reforms & Modernization Agenda, Process Re-engineering, Border Coordination Management, Implementation of One Stop Border Posts and Operationalization of Authorized Economic Operator. While at Customs and Border Control, she represented the Department at the National Treasury as a Customs Tax expert in the National Budget making process, Policy formulation and implementation of tax laws and fiscal measures. Regionally, she was the Kenya Customs representative in the National Working Group involved in the formulation of the African Continental Free Trade Agreement Protocol on Trade in Goods, Intellectual property rights, Competition Policy and Rules and Procedures on the Settlement of Disputes. She has also been the Customs team lead at the East African Community (EAC) level in the formulation and implementation of the EAC Customs laws and Regulations.

Ms. Nancy Ng’etich is an Advocate of the High Court of Kenya and a member of the Law Society of Kenya, the Institute of Certified Public Secretaries and the Kenya Institute of Management.

9. Commissioner – Customs and Border Control

Dr. Lillian Anyango Nyawanda

Dr. Lilian Anyango Nyawanda was appointed Commissioner, Customs & Border Control effective 15th April, 2021. She re-joined the Kenya Revenue Authority in October, 2023 as Commissioner, Customs and Border Control Department (a position she previously held between April, 2021 and February, 2023), after a seven (7) month secondment to the National Treasury and Economic Planning Ministry, as an adviser to the Principal Secretary.

She holds a Bachelor of Commerce (Finance) degree from the University of Nairobi, Master of Business Administration (Strategic Management) degree from United States International University, a Master of Philosophy (Public Policy) degree from Walden University and a Doctor of Philosophy degree in Public Policy & Administration from Walden University.

Dr. Nyawanda has a broad wealth of experience in Customs and International Trade, within the East African Region and the African continent at large. She also has extensive experience in policy and legislation, having been part of various legislative reviews and changes. She has gained her experience from the public and private sectors as well as the academia.

During her tenure as the Commissioner, she led the Department in registering unprecedented revenue performance and spearheaded the advancement of technology in Customs, through roll-out and integration of Customs systems. She further oversaw the tightening of controls around Kenyan borders by strengthening the enforcement function, leading efforts to open additional border points as well as establishment of Inland Border Control Check points, to curb smuggling and illicit trade.

She is a high performer who started off her career in tax at KRA in 2003 as a graduate trainee. In 2009, she moved to Deloitte as a Senior Consultant for Customs and International Trade. Subsequently, she worked at EABL in various roles until 2019 when she moved to the Diageo Centre of Excellence to oversee customs governance, risk management and international trade operations across Africa.

She is a member of the National Society of Leadership and Success and a Member of the International Public Policy Association (IPPA). She was recently awarded a Lifetime Membership by the Golden Key International Honor Society.

CHAIRMAN’S STATEMENT FOR THE FINANCIAL YEAR 2023/2024

Foreword

I’m greatly honoured to present the Kenya Revenue Authority (KRA) Annual Report and Financial Statements for the Financial Year 2023/24. This is the final report within KRA’s Eighth Corporate Plan implementation period (FY 2021/2022 to 2023/2024).

The 8th Corporate Plan theme is “*Revenue Mobilisation through Tax simplification, technology-driven compliance and tax base expansion*”. The strategic thrusts adopted in realizing KRA’s principal role of mobilising resources to finance the country’s development agenda including the Government’s Bottom-Up Economic Transformation Agenda and the Sustainable Development Goals, are i) Revenue mobilisation; ii) Tax base expansion; iii) Simplification of the tax regime to ease compliance and service delivery; iv) Application of cutting-edge technology; v) Performance-oriented and ethical organisation culture; and vi) Strategic partnerships to bolster compliance.

During the 8th plan period, the Kenya Revenue Authority collected a total of Kshs. 6.604 trillion against a target of Kshs. 6.831 trillion, representing a performance of 97.6 percent. In the final year of the plan, FY 2023/24, KRA attained an overall revenue performance of 95.5 percent (collecting Kshs. 2.407 trillion against the revenue target of Kshs. 2.519 trillion) despite the challenging global and domestic economic environment. This is a revenue growth of 11.1 percent, as compared to Kshs. 2.166 trillion collected in the FY 2022/23. This revenue collection is the highest in KRA history, an indication of the sustained transformation of the Authority into a high-performance culture, leveraging technology as well as strict enforcement of tax laws.

Enhanced domestic revenue mobilisation by KRA is key to realising the Government's Bottom-Up Economic Transformation Agenda (BETA). The Agenda is geared towards an economic turnaround and inclusive growth and aims to increase investments in at least five sectors envisaged to have the largest impact and linkages to the economy as well as on household welfare. These include Agricultural Transformation; Micro, Small and Medium Enterprises (MSME); Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry. As part of the economic turnaround plan, the Government aims to scale up revenue collection efforts by the Kenya Revenue Authority (KRA) to over Kshs. 3.0 trillion in the short term.

Looking ahead, the 9th Corporate Plan, with the theme "Unlock and tap the full revenue potential through technology transformation, service excellence, and integrity," defines KRA's new aspirational direction. This plan focuses on KRA's continued transformation through technological advancements, promoting service delivery excellence, and fostering an integrity culture. These efforts are expected to unlock new revenue streams while optimising existing ones, assuring Kenya's long-term growth and development.

The achievements of the 8th Corporate Plan serve as a solid basis as we go forward with the 9th Corporate Plan. With a renewed emphasis on technology, service excellence, and integrity, KRA is well-positioned to reach and surpass its revenue targets, thereby contributing to the nation's economic and developmental goals.

Kenya's Economy

In the year 2023, Kenya's economy expanded by 5.6 percent compared to a revised growth of 4.9 percent in 2022. The positive growth was notable across most sectors of the economy except Mining and Quarrying, which contracted by 6.5 percent. Growth was mainly driven by a rebound in agricultural activities that contracted in 2022.

The inflationary shock caused by the Russia-Ukraine conflict had a ripple effect on the region, leading to decreased international demand, increased global interest rates, and exchange rate pressures, which posed a challenge for the region amidst recovery from the effects of the COVID-19 pandemic. However, the inflation declined to 6.2% in the FY 2023/24 from 8.8% in the FY 2022/23. Additionally, the current account deficit narrowed from 5.2% of GDP in 2022 to 4.9% in 2023, as trade deficits shrank, and secondary incomes increased.

Global Economy

World real GDP growth is estimated to have slowed from 3.5 per cent in 2022 to 3.1 per cent in 2023. The decline in the growth was attributed to disruptions emanating from the remnant effects of COVID-19, the Russia-Ukraine conflict and tightened monetary policies in a number of economies. In 2024, the global economy is expected to grow at a similar pace as 2023 but slower than the historical (2000-2019) annual average of 3.8 percent. This is on account of restrictive monetary policies, withdrawal of fiscal support, low underlying productivity growth, as well as escalating geopolitical fragmentations that could result in higher commodity prices despite a projected decline in global headline and core inflation.

Advanced economies expanded by 1.6 percent in 2023 compared to the 2.6 percent growth rate experienced in 2022 largely due to tighter monetary conditions within the bloc and a lower-than-anticipated growth rate in the Euro Area. Growth in Emerging Markets and Developing Economies remained at 4.1 percent in the period under review. Sub-Saharan Africa region saw a decline in real GDP growth rate to stand at 3.3 percent in 2023, compared to 4.0 percent growth in 2022.

Revenue Performance

During the Financial Year 2023/24, the Authority collected **Kshs. 2.407 trillion** against the target of **Kshs. 2.519 trillion**. This represents a performance rate of **95.5 percent** and revenue growth of **11.1 percent** over **Kshs. 2.166 trillion** collected in the Financial Year 2022/23. This performance reflects improved compliance among taxpayers.

Exchequer Revenue

During the Financial Year 2023/24, the Exchequer Revenue was **Kshs. 2.223 trillion** against a target of **Kshs. 2.320 trillion** and above the **Kshs. 2.029 trillion** collected in the previous financial year. This represents a performance rate of **95.8 percent** and a growth of **9.5 percent**.

Agency Revenue

In the FY 2023/24, **Kshs. 184.04 billion** was collected as Agency revenue against a target of **Kshs. 198.55 billion** translating to a performance rate of **92.7 percent**. The Agency revenue grew by **34.9 percent** as compared to the previous Financial Year.

Overview of factors underpinning revenue performance in 2023/24

The Kenya Revenue Authority achieved notable tax revenue performance in FY 2023/24 despite challenges experienced in the domestic economy and globally. This success is largely due to the implementation of revenue mobilisation strategies outlined in the KRA's 8th Corporate Plan, effective tax policy measures, and enhanced revenue administration practices. The Authority's strategic initiatives, combined with favourable economic growth in key sectors such as agriculture, manufacturing, and services, have played a crucial role in maintaining strong revenue growth.

KRA has continued to leverage technology to prevent revenue leakages and enhance compliance. Significant developments include the implementation of the Electronic Tax Invoice Management System (eTIMS), enhancements to the iTax platform, and the use of scanners for smart alerts. Additionally, the Integrated Customs Management System (iCMS) has been crucial, incorporating features such as targeting and profiling through smart alerts, a risk engine, and bond management and reconciliation. These technological advancements have significantly bolstered the efficiency and effectiveness of KRA's tax administration, facilitating better tracking and management of taxpayer information.

Moreover, KRA's rigorous monitoring efforts have ensured compliance across all tax heads. The extensive use of data and intelligence to identify unpaid taxes has led to improved voluntary compliance and an expanded tax base, incorporating individuals who previously evaded taxes. Enhanced integrity measures, combined with continuous taxpayer education and outreach programmes, have further contributed to sustaining revenue collection efforts. These efforts reflect KRA's commitment to a transparent and accountable tax administration system.

Kenya's Economic Outlook

The economy is projected to remain strong and resilient in 2024 and over the medium term supported by the continued robust growth of the services sectors, the rebound in agriculture, and the ongoing implementation of measures to boost economic activity in priority sectors by the Government. As such, the economy is expected to remain strong and expand by 5.5 percent in both FY 2023/24 and FY 2024/25.

Appreciation

On behalf of the Board of Directors, I would like to thank the National Treasury and Economic Planning and look forward to their continued support as KRA fulfils its revenue mobilisation duty. I would also like to take this opportunity to thank my fellow Board members, KRA management, and all staff for their unwavering efforts to ensure the Authority's great revenue performance despite the adverse macroeconomic environment.

We appreciate our valued taxpayers' dedication to meeting their tax obligations and contributing to the overall goal of the government. Your dedication to our country by filing and paying your fair share of taxes has led us this far.

HON. NDIRITU MURIITHI
Chairman, KRA Board of Directors

COMMISSIONER GENERAL'S STATEMENT

1) Introduction

The Financial Year 2023/24 marked the final year of the implementation of the 8th Corporate Plan (2021/22 to 2023/24). The plan's theme is "Revenue Mobilisation through Tax Simplification, Technology-Driven Compliance, and Tax Base Expansion". The Plan builds on the successes gained by KRA since it was established by focusing on tax simplification, the use of modern technology and strategic partnerships. Despite an economic downturn caused by an unfriendly global fiscal climate, KRA achieved a revenue collection of Kshs. 2.407 trillion for the period July 2023 - June 2024, compared to Kshs. 2.166 trillion collected in the previous fiscal year.

2) Operating Environment

Despite the adverse effect of external shocks, Kenya's growth is projected to reach 5.2% on average during 2024-2026, mainly driven by the private sector as business confidence strengthens and the public sector continues to scale back. This growth will be supported by several factors, including the continued robust growth of the services sectors, a rebound in agriculture aided by anticipated adequate rainfall in most parts of the country, a decline in global commodity prices reducing production costs, and the ongoing implementation of measures by the Government to boost economic activity in priority sectors.

3) Revenue Performance

Revenue collection in the FY 2023/24 stood at Kshs. 2.407 trillion compared to Kshs. 2.166 trillion collected in the FY 2022/23. This translates to a performance rate of 95.5 percent against the revenue target of Kshs. 2.519 trillion, and a revenue growth of 11.1 percent.

It is important to note that revenue collection has progressively increased in the last 5 years from Kshs. 1.6 trillion in FY 2019/20 to Kshs. 2.407 trillion in FY 2023/24, thereby registering a growth of 50.4 percent (or Kshs. 800 billion). The trend in revenue performance as shown in Figure 1 indicates consistent revenue growth from 2014/15 to 2023/24, with an average annual revenue growth of **9.7 percent** in the 10 years.

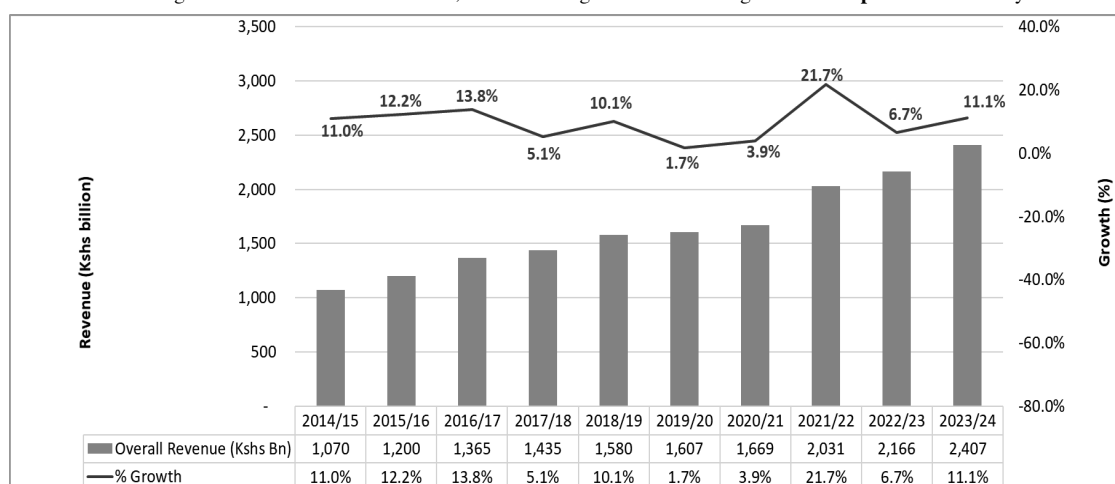


Figure 1: Tax Revenue Trends (2014/15 – 2023/24)

i. Customs and Domestic Taxes Performance

Revenue collection by Departments is shown in Figure 2. Customs and Border Control collected Kshs. 791.368 billion in FY 2023/24 against a target of Kshs. 836.709 billion registering a revenue shortfall of Kshs. 45.34 billion. Customs revenues grew by 4.9 percent over Kshs. 754.090 billion collected in the FY 2022/23 and recorded a performance rate of 94.6%.

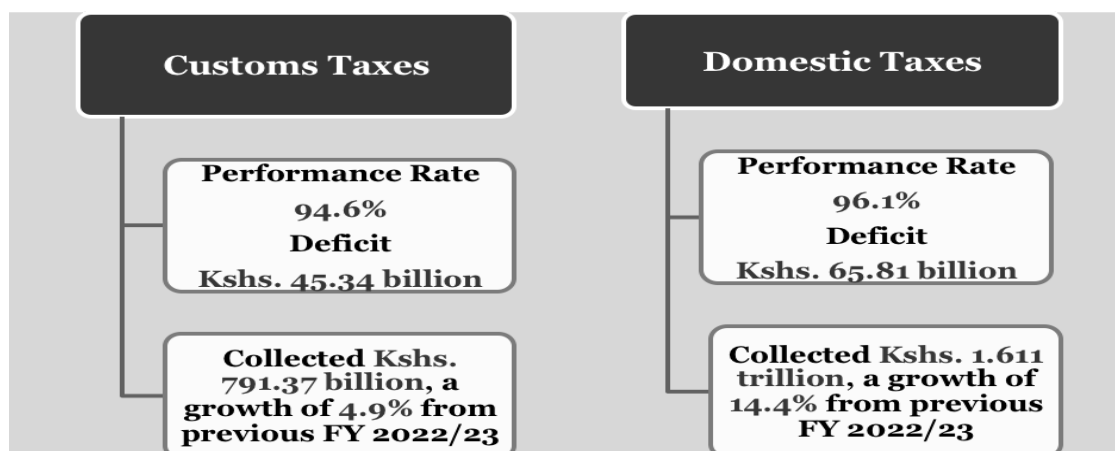


Figure 2: FY 2023/24 Performance rate against the target

- On the other hand, the Domestic Taxes Department collected Kshs. 1.611 trillion in FY 2023/24 against a target of Kshs. 1.677 Trillion, a revenue shortfall of Kshs. 65.8 billion. Domestic tax revenue grew by 14.4 percent over Kshs. 1.407 trillion collected in the FY 2022/23 and recorded a performance rate of 96.1 percent.

ii. Performance of Key Tax Heads

Corporation Tax: Corporation tax collections stood at Kshs. 278.16 billion against a target of Kshs. 297.73 billion. The tax head recorded a growth of 4.9 percent in the FY 2023/24. This performance was driven by increased remittances from sectors like: Wholesale & Retail Trade; Electricity, Oil & Gas; Transport & Storage; Accommodation & Food Service; and Education. These sectors contributed 20.5 percent of the Corporation taxes.

Pay As You Earn (PAYE): P.A.Y.E collection was Kshs. 543.19 billion against a target of Kshs. 580.72 billion. The performance was mainly driven by remittance from private firms and the public sector, which grew by 13.4% and 3.7% respectively.

Domestic Excise: The tax head recorded a growth of 8.1 percent in FY 2023/24, with a collection of Kshs 73.62 billion against a target of Kshs 73.94 billion. The performance is attributed to the growth in revenue from Beer (16.2% growth); Bottled Water (9.7% growth); Soft Drinks (12.2% growth); and Tobacco (1.9% growth).

Domestic VAT: Domestic VAT collection amounted to Kshs. 314.16 billion in FY 2023/24 compared to Kshs 272.45 billion in FY 2022/23, a growth of 15.3 percent. The growth is attributed to the implementation of the tax amnesty programme, which enhanced compliance among taxpayers.

4) Key Revenue Drivers FY 2023/24

The revenue growth is attributed to the implementation of key strategies contained in the KRA's 8th Corporate Plan. Some of these strategies include:

Tax Amnesty: Through the tax amnesty programme, KRA collected Kshs. 43.9 billion. This is after 2,617,111 taxpayers were granted amnesty in the financial year 2023/24.

Tax Base Expansion: The programme enabled KRA to collect Kshs. 24.62 billion in revenue. Some of the initiatives under the TBE include recruitment of landlords under the Monthly Rental income (MRI) and Block Management System (BMS) to map out potential taxpayers. Through the programme KRA recruited 1,247,543 additional taxpayers in the period under review.

Betting and Gaming Tax: The integration of betting and gaming companies into the system has given KRA real time access to companies in the sector. During the FY 2023/24, KRA collected Kshs. 24.27 BILLION in Excise Duty and Withholding Tax from 111 on-boarded companies.

Anti-Corruption Measures: The public and staff reported 883 cases involving tax malpractices. This was done through the iWhistle system and led to the recovery of Kshs. 4.22 billion.

Debt collection initiatives: KRA enhanced collection from debt programmes on non-compliant taxpayers, netting a total of Kshs. 103.39 billion in the FY 2023/24. This performance is attributable to follow-ups on demand notices and the debt instalment plans agreed upon with taxpayers.

Dispute resolution framework: The framework enhanced revenue collection from Litigation, Alternative Dispute Resolution (ADR), and Tax Appeals Tribunal (TAT). This enabled KRA to collect Kshs. 60.47 billion from 6,778 conclude cases.

KRA has continued to use technology to streamline tax administration and facilitate trade. Among the systems implemented are the Integrated Customs Management System (iCMS), iTax, Regional Electronic Management System (RECTS), Smart Gates, Data Warehouse and Business Intelligence, Integrated Scanners, as well as the Excisable Goods Management System (EGMS).

5) Outlook

The revenue target for the FY 2024/25 is Kshs. 3.013 trillion, implying a growth of 25.2 percent over the FY 2023/24 collection. Revenue contribution for key tax categories in FY 2024/25 is as follows: PAYE (20.7%); Non-Oil taxes (22.8%); VAT Domestic (13.5%); Corporation Tax (11.7%); Oil taxes (10.7%); Withholding Tax (7.6%); among others.

The National Treasury projected that the economy would expand by 5.5 percent in FY 2023/24 and maintain momentum over the medium term (2023/24-2025/26). Some of the factors that will likely impact the revenue outlook in the subsequent months of FY 2024/2025 include economic prospects in the country (mostly impacted by stringent monetary policies in the global economy, and geopolitical conflicts, among others).

The Authority has successfully implemented the final phase of the 8th Corporate Plan (2021/22 to 2023/24). With the continued support of taxpayers, the projected economic growth of 5.5 percent in FY 2023/24, a progressive tax policy framework, tax simplification, and a robust tax compliance mechanism, KRA is confident that it will meet its targets and enable the government to finance its economic agenda.

Beginning this financial year 2024/25, KRA will implement a five-year 9th Corporate Plan under the theme "Unlock and tap the full revenue potential through technology transformation, service excellence, and integrity". This plan focuses on KRA's ongoing transformation through technological advancements, promoting service delivery excellence, and fostering a culture of integrity. These efforts are expected to unlock new revenue streams while optimising existing ones, and ensuring Kenya's long-term growth and development.

6) Conclusion

I would like to thank the KRA Board of Directors, management, and staff for their hard work and dedication during the just concluded financial year 2023/24. I am glad to inform you that, despite the volatile and unpredictable economic environment coupled with other challenges, KRA recorded impressive revenue growth. I also take this opportunity to thank The National Treasury and Economic Planning for the support accorded to KRA in executing its mandate.

On behalf of the KRA Board of Directors and Staff, I express our gratitude to all compliant taxpayers for honouring their tax obligations and supporting Kenya's economic sustainability by registering, filing, accurately reporting, and paying their taxes. KRA is dedicated to being more accessible and making the taxpaying experience enjoyable. KRA reaffirms its commitment to serving taxpayers with integrity and competence.

HUMPHREY WATTANGA
Commissioner General

REVIEW OF KENYA REGULATORY & NON-COMMERCIAL ENTERPRISE'S PERFORMANCE FOR FY 2023/24**Statement of Performance against Pre-Determined Objectives**

KRA has four balanced scorecard perspectives and four overarching goals within its strategic plan for the period 2021/22 to 2023/24. These strategic perspectives are:

- 1) Revenue,
- 2) People,
- 3) Customer, and
- 4) Business process.

KRA develops Annual Work Plans based on the above four perspectives. Assessment of the Board's performance against its annual work plan is done monthly by perspective. KRA achieved most of its performance targets set for the FY 2023/24 period for its four strategic perspectives as indicated in Table 1.

Table 1: Strategic Achievements in FY 2023-2024

<i>Strategic pillar/perspective</i>	<i>Objective</i>	<i>KPIs</i>	<i>Activities</i>	<i>Measure</i>	<i>FY 2023/24 Achievement</i>
Revenue	Realize government revenue targets while building a sustainable tax base.	Total Revenue collected	<ul style="list-style-type: none"> Risk-based compliance management Debt management Smart intelligence and investigation Tax base expansion Post clearance audit Integrated scanner management Cargo tracking 	Kshs.	Kshs. 2.407 trillion was collected against a target of Kshs. 2.519 trillion. The Exchequer Revenue amounted to Kshs. 2.223 trillion against a target of Kshs. 2.321 trillion while agency revenue collection was Kshs. 184.04 billion against a target of Kshs. 198.55 billion
		On-time payment	Compliance activities	%	The on-time payment rate for June 2024 was 81%.
		Active taxpayers	<ul style="list-style-type: none"> Tax base expansion Turning around non-filers 	Number	Number of Active Taxpayers as at June 2024 was 9,669,854
		Landlords recruited	Implement Block Management System	Number	10,425 MRI Tax Obligations were added and Kshs. 3.517 Billion realized from MRI Added obligations.
		DST Tax collected (from non-residents)	Review the existing laws and regulations to align with the Harmonized Global Approach	Number	DST tax collected: Kshs. 798.02 million was collected against a target of Kshs. 379 million.
		Cases investigated	Enhance intelligence-driven investigation	Number	877 cases prosecuted and publicised against a target of 293.
		Value of illicit goods removed from the market	<ul style="list-style-type: none"> Implementation of stringent measures provided in law Awareness creation and deterrence through publicity Collaboration with other agencies 	Kshs.	<p>DTD Value of illicit goods was at Kshs. 1,295.62 million against a target of Kshs. 500 million.</p> <p>C&BC Value of illicit goods was at Kshs. 385.73 million against a target of Kshs. 150 million.</p> <p>This performance is attributed to joint interventions by DTD, C&BC and I&SO.</p>
Customer	Achieve exceptional customer service and community outreach	Customer satisfaction index	<ul style="list-style-type: none"> Tax simplification Stakeholder engagements Trade facilitation Refunds management 	%	KRA customer satisfaction index for the FY 2023/24 was 73.8% a 0.5% improvement from 73.3% in the FY 2022/23 survey.
		Pre-arrival Cargo Clearance	Uptake of clearance of goods before docking at the Port of Mombasa	%	Attained Pre-arrival processing (PAP) uptake of 40.55% in June 2023 from 34% achieved in FY 2022/23.
		Time taken to release goods (Port of Mombasa, ICD-N, KR Shed)		Hours	Time taken to release goods at Port of Mombasa and ICD-N increased marginally by 0.91 hours from 50.29 hours in FY 2022/23 to a cumulative average of 51.20 hours as of June 2024 against a target of 111 hours.
		Cases resolved out of suitable disputes received under ADR	Interdepartmental collaboration and support to the ADR mechanism	%	1,184 out of 1,145 cases were resolved (81%). The target for FY 2023/24 was 80%
Business process	Reduce the overall cost of collection while improving	Cost of collection	Roll out of simplified online	%	Achieved a cost of collection of 1.35% as at May 2024

Strategic pillar/ perspective	Objective	KPIs	Activities	Measure	FY 2023/24 Achievement
	the quality of operations and services		self-services <ul style="list-style-type: none"> Systems Integration Advanced data analytics Reliable and resilient IT infrastructure Maintenance of quality standards 		<ul style="list-style-type: none"> Recurrent Expenditure of Kshs. 29.19 billion incurred against Exchequer Revenue collection of Kshs. 2,165.78 billion.
		Automation level		%	97.3% automation level as of June 2024 (External assessment by ICT Authority)
		Systems integrated	Integrate internal and external systems.	No	6 integrations were completed <ul style="list-style-type: none"> 3 Internal Systems integrations <ul style="list-style-type: none"> iSupport to asset Management iCMS with CRM Auction-SSO, iCMS-Licensing application and Declaration Checker 3 external system integrations <ul style="list-style-type: none"> iTax with eCitizen integration iCMS with eCitizen iTax with 69 GBLPs (Gaming, Betting, Lottery and Prize)
People	Continue to build a performance-driven and ethical workforce	Optimise human resource capability and capacity	<ul style="list-style-type: none"> Talent management Implementation of structured training Improved performance management Repositioning KESRA as a premier training institution 	%	Ratio of technical to support staff increased from 73.6% to 74.24% as of June 2024. 1,418 Officers from various departments trained in foundation courses in Tax & Customs
		Improved work environment	<ul style="list-style-type: none"> Provision of working tools Implementation of transport management framework 	No	<ul style="list-style-type: none"> Procured 406 laptops Procured 19 5 Motor vehicles and disposed off 5 vehicles 10,000 sq. ft of office space acquired 6 TSOs (Eldama Ravine, Iten, Marsabit, Maua, Thika and Kakuma) and 3 Warehouse spaces (Thika, Isiolo and Kisumu) leased Property Development Strategy approved
		Enhancing integrity	<ul style="list-style-type: none"> Staff vetting and investigation Corruption risk analysis and prevention Integrity awareness to internal and external stakeholders 		Corruption perception about KRA improved (corruption perception index declined from 31.12% in FY 2022/23 to 30.99% in FY 2023/24).

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the structure and processes used to direct and manage an organization in order to enhance corporate performance, accountability, fairness and transparency and accountability. It also entails the balancing of the interests of all stakeholders of the organization.

The Kenya Revenue Authority Board of Directors is the governing body of the Authority. The Board of Directors is responsible for the governance of the Authority and is accountable to the Cabinet Secretary, National Treasury to ensure compliance with the Kenya Revenue Authority Act, the Mwongozo Code of Conduct for State Corporations, international best practice and business ethics. The Directors attach great importance to the need to conduct business and operations of the Authority with integrity, professionalism and in accordance with generally accepted international corporate governance practice. The Authority is committed to the implementation of good corporate governance practices as outlined by promotion of ethical leadership, accountability and ensure the sustainability of the organization.

The Board's responsibilities are broadly set out in Section 6 (6) of the Kenya Revenue Act CAP 469 of the Laws of Kenya.

Board Meetings

The Board meets on a monthly basis to review Management performance, including revenue collection, operational issues and future planning. The Directors are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational, revenue and compliance issues. All the Directors are independent of Management and free from any business relationship that could materially interfere with the exercise of their independent judgment.

Board Committees

The Board had four (4) standing Committees during the period under review, which met regularly under the Terms of Reference set out by the Board.

Human Resources Committee

The Committee is responsible for monitoring and appraising the performance of Senior Management, reviewing of human resource policies, approval of remuneration policy for employees and making recommendations on Senior Management appointments to the Board. The Committee met eight (8) times and its Members were:

- i. Mr. Richard Ndung'u,
- ii. Mr. Hadi Abdullahi,
- iii. The Attorney General and
- iv. Commissioner General.

Finance, Administration and Procurement Committee

The Committee is responsible for review of the Authority's annual budget, Procurement and Disposal Plans and related policies. The Committee met six (6) times and its Members were:

- i. Ms. Lydia Rono,
- ii. The Principal Secretary – The National Treasury
- iii. The Attorney General and
- iv. Commissioner General.

Board Audit and Risk Committee

The Committee is responsible for review of audit reports, compliance with relevant laws, procedure and standards, quality of financial reporting and oversight on internal control and risk, among others. The Committee assists the Board in discharging its supervisory and good corporate governance responsibilities. The Committee met five (5) times and its Members were:

- i. Mr. Hadi Abdullahi,
- ii. Mr. Richard Ndung'u and
- iii. The Principal Secretary – The National Treasury.

Revenue, Strategy and Technology Committee

The Committee is responsible for review of the Authority's strategic implementation of the Corporate Plan and Reform Programme. It also serves as a forum to encourage continuous research and review of tax policy proposals; regulatory framework and revenue collection. The Committee met eight (8) times and its Members were:

- i. Mr. Ashif Kassam, OGW,
- ii. Ms. Amolo Ngw'eno,
- iii. Mr. Hadi Abdullahi,
- iv. The Principal Secretary – National Treasury and
- v. Commissioner General.

Board of Trustees

The Authority has a Staff Pension Scheme which is supervised, managed and administered by a Board of Trustees. The Authority as sponsor of the Scheme, is represented by the following Board Members:

- i. Ms. Amolo Ngw'eno,
- ii. Mr. Ashif Kassam, OGW and
- iii. Mr. Waigi Kamau.

Board Matters

Attendance to board meetings by members	In the Financial Year 2023/2024:	
	There were sixteen (16) full Board Meetings and twenty seven (27) Board Committees Meetings attended by Members.	
	Meetings	No. of Meetings
	Full Board:	
	Scheduled	12
	Special	4
	Finance, Administration and Procurement Committee:	
	Scheduled	4
	Special	2
	Human Resources Committee:	
	Scheduled	4
	Special	4

	Revenue, Strategy and Technology Committee: Scheduled Special	6 2	
	Audit Committee: Scheduled Special	4 1	
Succession plan	Appointment is by the President (for the Board Chairman) and Cabinet Secretary – The National Treasury (for Board Members) as per the Kenya Revenue Authority Act Section 6(2)(a) and Section 6(2)(e). Expiry of term is usually communicated to The National Treasury at least three (3) months before expiry of Term		
Existence of a board charter	The Board Charter was reviewed and approved by the Board on 14 th May, 2024.		
Process of appointment and removal of directors	As per the Kenya Revenue Authority Act Sections 7 and 8 and the State Corporations Act Section 7.		
Roles and functions of the Board	As per the Kenya Revenue Authority Act Section 6(6).		
Induction and training	The Directors attended the following Workshops: • Induction Workshop for Board Members of State Corporations facilitated by the State Corporations Advisory Committee (29 th to 31 st January, 2024) – 7 Directors attended. • Board Induction workshop for New Board members by the Institute of Internal Auditors (IIA) (26 th February to 1 st March, 2024) – 2 Directors attended.		
Board Performance	The Board Performance Self-Assessment for Financial Year 2023/2024 was carried out on 22 nd July, 2024 and facilitated by the State Corporations Advisory Committee.		
Conflict of interest	Declaration of Conflict of interest is done in all Board and Board Committees Meeting and recorded as part of the proceedings.		
Board remuneration	As per the relevant Government Circular: Sitting Allowance: Letter dated 11 th February, 2011 Ref ZZ MOF 131/04		
Ethics and conduct	This is provided for under Chapter 3 of the Board Charter, which quotes policies and Acts that the Board Members as Public officers are subject to.		
Governance Audit	The tender advertised and evaluated but terminated in March 2024, for non – responsiveness. The tender is to re-advertised and conducted in the Financial Year 2024/2025.		

MANAGEMENT DISCUSSION AND ANALYSIS

1. Revenue Performance and Growth FY 2015/16 – FY 2023/24

KRA continues to implement her mandate of assessing, collecting, and accounting for all revenues per specific laws governing it. At the same time, the Authority, advises on matters relating to the administration of, and collection of revenue under the written laws or the specified provisions of the written laws while performing such other functions concerning revenue as directed by the Cabinet Secretary – National Treasury.

The following sections present the revenue collected, the contribution from the two main departments, and the collection against the target for the nine years. It also gives an overview of some anticipated risks and their mitigation measures.

- Figure 1 presents the revenue collection trend from FY 2015/16 to FY 2023/24. The figure shows consistent revenue performance in this period, with average annual revenue growth of **9.6 percent** in the nine years and **13.2 percent** in the last three years. The highest revenue growth was recorded in FY 2021/22 at **21.7 percent**.

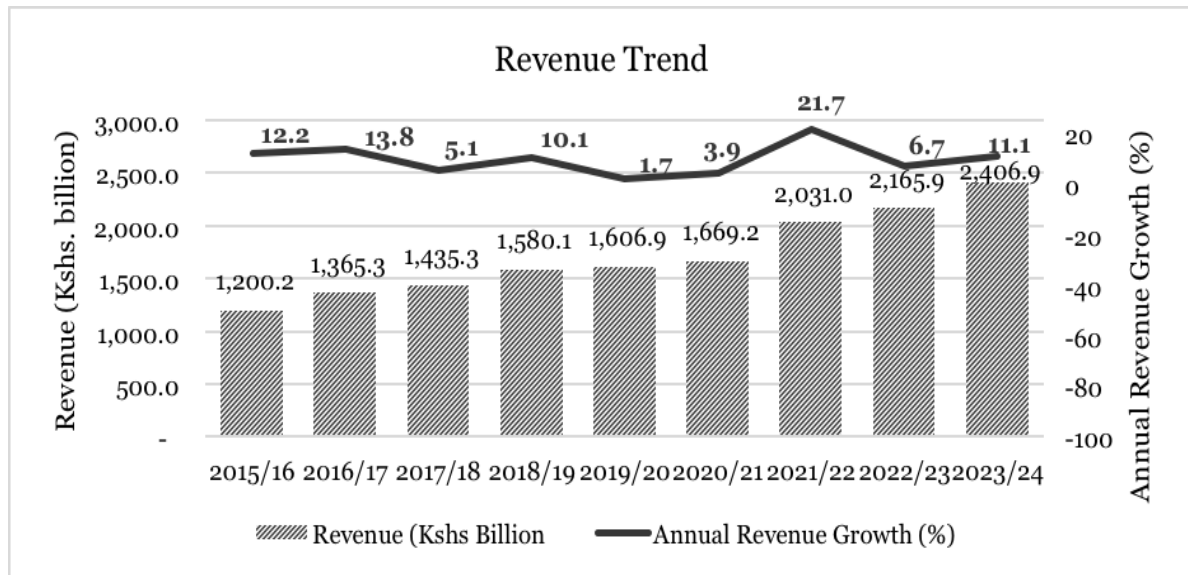


Figure 3: Tax Revenue Trends (2015/16 – 2023/24)

- As shown in Figure 2, Customs and Border Control collected Kshs. 791.37 billion in the FY 2023/24 against a target of Kshs. 836.71 billion registering a revenue shortfall of Kshs. 45.34 billion. Customs revenues grew by 4.9 percent over Kshs. 754.09 billion collected in FY 2022/23 and recorded a performance rate of 94.6%. On the other hand, the Domestic Taxes Department collected Kshs. 1.611 trillion in FY 2023/24 against a target of Kshs. 1.677 trillion, a revenue shortfall of Kshs. 65.8 billion. Domestic tax revenue grew by 14.4 percent over Kshs. 1.407 trillion collections in FY 2022/23 and recorded a performance rate of 96.1 percent.

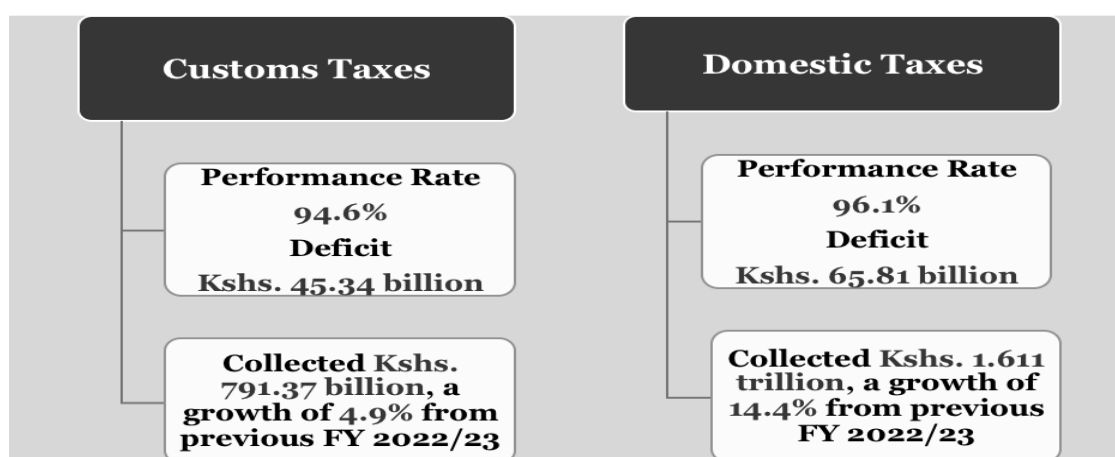


Figure 4: FY 2023/24 Performance rate against the target

2. Revenue Performance against Target FY 2015/16 – FY 2023/24

In Figure 3, we present the historical performance of revenue against revised targets. It is noted that the target has been revised over the years to adjust for changes in the macroeconomic environment that dictates the level of revenue collection. For the last nine years, KRA has consistently missed her target by an average of **2.65%**. However, in FY 2020/21 and FY 2021/22, the targets were surpassed by **1.04%** and **2.78%** respectively despite the challenges in the operating environment. In FY 2023/24, the revenue collection fell short of the revised target by **4.45 percent**.

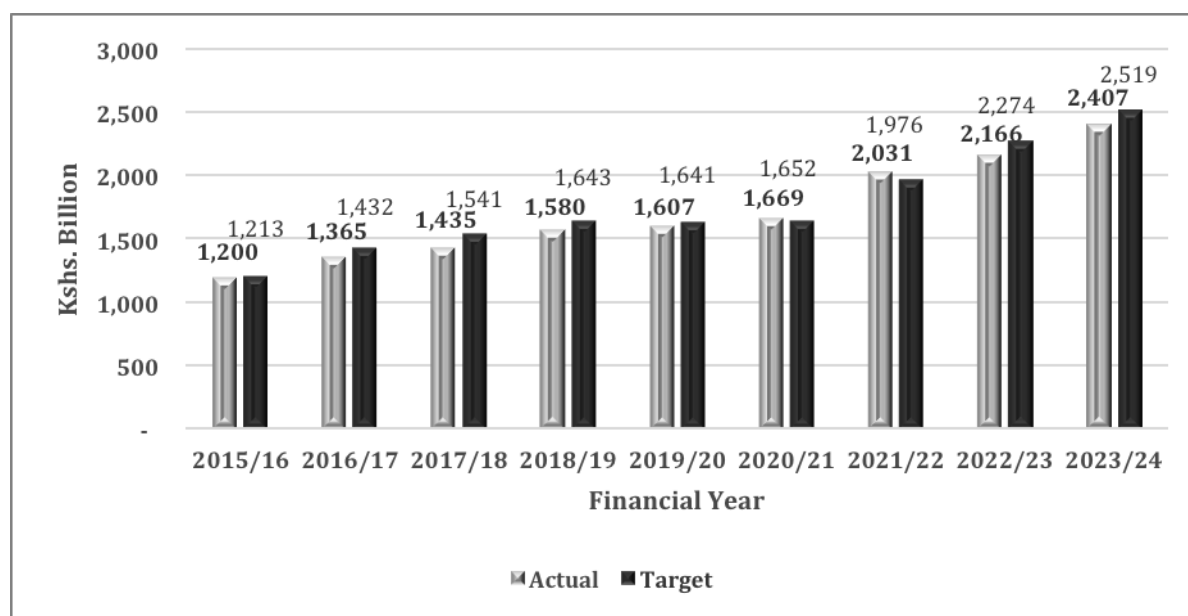


Figure 5: FY 2015/16 - FY2023/24 Actual Collection against Revised Target

3. Risks and Mitigation in the 8th Corporate Plan

While KRA remains optimistic about implementing her mandate, we take cognisance of the risks that can lead to challenges in the implementation of this mandate. For this reason, risk mitigation measures have been put in place to ensure effective risk management. Some of the anticipated risks are discussed in this section.

a. Non-registration of taxpayers

To mitigate this risk, KRA's Eighth Corporate Plan implemented tax base expansion through the recruitment of new taxpayers, subjecting persons and entities to taxes that were previously exempt, and the addition of new obligations to the taxpayers already in the tax base. The strategies for tax base expansion focus on the taxation of the informal sector, the use of a geographic information system for block management system, increased compliance by high net-worth individuals to promote equity, taxation of the digital economy, and strategic collaboration and partnerships for revenue mobilisation.

b. Taxpayer/customer experience risk

To mitigate this risk, KRA has enhanced efforts towards simplification of tax processes and technology links to make it easy for taxpayers to comply with their tax obligations. KRA is also implementing tax policy reforms to ensure stability and clarity of tax laws and avert risks associated with policy formulation and design.

c. Data integrity risk

This is the risk that data stored and processed by information technology (IT) systems are incomplete, inaccurate, or inconsistent across different IT systems. KRA is in the process of cleaning up the taxpayer database. A clean taxpayer database is critical for revenue mobilisation as it ensures that the taxpayers have the correct obligations and ledger balances reflect the correct position.

d. Smuggling risk

This comes about due to the instability and underdevelopment of some neighbouring countries thus facilitating smuggling across porous borders. This risk is mitigated through the following strategies: i) Use of East Africa Community Centralized Platform for information and data exchange interface; ii) Work with the multi-agency task force to tackle security, smuggling, and illicit trade; and iii) Improve border management.

4. KRA Project Portfolio

KRA is implementing the following projects with the goal of effectively delivering its primary mandate of revenue mobilization. The projects are at different stages of completion and are shown in Table 2.

Table 2: KRA's Project Portfolio

<i>Stage</i>	<i>Number of Projects</i>	<i>Projects</i>
Completed Projects (Since July 2020)	15	<ol style="list-style-type: none"> 1. eJuris (iLaw) /Dec, 2020 2. Imposter Detection System /Dec 2020 3. VDI (Centralised End User Computing) /Dec, 2020 4. New Data Centre /Nov, 2020 5. iTax Take over /Feb, 2021 6. iScan /Feb, 2021 7. IP Telephony II - June 2021 8. IDEA- June 2021 9. Regional Electronic Cargo Tracking System (RECTS) – June 2021 10. WAN Optimization and Kilindini Network Upgrade – June 2021 11. Tenable Security – June 2022 12. KESRA Chatbot/Mobile App – June 2022 13. M-service – October 2022 14. Nairobi Revenue Services System – October 2022 15. TIMS – January 2022
Completion & Closure (90% - 100%)	5	<ol style="list-style-type: none"> 1. iCMS 2. Ushuru Pensions Towers Phase II Fit out 3. DWBI (insight) 4. Refurbishment of Secondary Data Centre 5. Case Management System
Execution (16% - 89%)	8	<ol style="list-style-type: none"> 1. East African Regional Transport, Trade and Development Facilitation Project (EARTTDFP) 2. Security Operations Centre 3. Digital Forensics Lab 4. Exchange of Information System (EOIS) 5. Horn of Africa Gateway Development Project (HoAGDP) 6. Anonymous Reporting System (Phase III) 7. eTIMS 8. Integrated Access & Identity Management Solution
New Projects (Since July 2023)	5	<ol style="list-style-type: none"> 1. Taxation at Source 2. Simplified Customs Declaration for small scale traders through mobile apps 3. Exchange of Information with other Tax Agencies 4. Performance Management tool 5. KRA comprehensive technology platform

ENVIRONMENTAL AND SUSTAINABILITY REPORTING*Employee Welfare Activities for FY 2023/2024*

The Authority complies with Occupational Safety and Health Act of 2007 (OSHA) as operationalised by Work Environment Standard Policy. This enhances provision of safety and health for internal and external stakeholders (both male and Female) as follows;

- i) Promoting and maintaining high standards of health and safety of employees, customers and general by;
 - a) conducting sensitizations on regular basis
 - b) Reporting accidents and incidences to Directorate of Occupational Safety and Health(DOSH) when they occur.
- ii) Ensuring Annual work environment Audits are conducted in the workplaces as follows;
 - a) HR conducts and report gaps to relevant HoDs to ensure a safe and healthy work environment
 - b) Employees/ departments channel their work environment challenges to HR for facilitation as necessary
 - c) HR conducts regular work environment spot checks and submits recommendations for implementation to ensure compliance by relevant departments
 - d) Security and Safety Division reports accidents and incidences to DOSH when they occur.
- iii) Ensuring utilization of leave entitlement in compliance with the leave management policy as follows;
 - a) Facilitating staff to utilize their annual leave entitlement when it becomes due.
 - b) HR conducts sensitizations on the importance of leave (rest and avoid burn out) on a regular basis.

Efforts made in improving the reward systems

- a) The Authority in an effort to improve the reward system offers performance based rewards.
- b) The Authority offers competitive remuneration packages and benefits geared towards improving the pay package. To ensure the remuneration package remains competitive, the Authority has engaged a consultant to conduct a salary survey with a view to enhancing the remuneration package.

Efforts made in improving skills and managing careers

The Authority has continued to optimise capability human resource capability and capacity through implementation of talent management, structured trainings and repositioning KESRA as a premier training institution.

CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT*Statement Purpose:*

The Corporate Social Responsibility (CSR) statement is a progress report on Kenya Revenue Authority (KRA) as a responsible corporate citizen. KRA's corporate sustainability target audience include employees, their families, local communities and society at large. The CSR initiatives are aimed to improve quality of life, the environment and the economy in the long-term. KRA focuses on four strategic pillars namely: Environment, Health, Education, and Sports.

In the financial year 2023/2024, KRA staff volunteers played a key role in the implementation of 45 social engagements. These initiatives are as follows; two (2) engagements under the environment pillar, three (3) under the health pillar, one (1) under education pillar and 39 engagements under the volunteers' programme respectively.

The theme of FY 2023/24 CSR initiatives

In this financial year, KRA focused on achieving its responsible corporate citizenship through partnership and volunteerism leading to the theme of: *Ushirikiano na Kujitolea*. This statement highlights our journey of collaboration with both our internal and external partnerships for a common goal which is supporting initiatives for people, planet and profit. We are grateful to Commissioner General, Humphrey Wattanga (Mr). for supporting the social engagements and climate change mitigation by leading KRA staff in planting 377,388 trees in support the Government of Kenya 15B Tree planting drive.

Innovative approaches to CSR

- **Community engagements through social engagements**

In this financial year, KRA achieved 45 community social engagements through:

- a. The Tenda Wema campaign
- b. CSR staff volunteers programme

a. Tenda Wema

Tenda Wema campaign is a 'Do Good' staff initiative that encourages staff to support social engagements in-kind. We have implemented three (3) Tenda Wema initiatives that benefited 1598 people.

b. Staff Volunteers Programme

CSR staff volunteers' programme is an initiative that voluntarily registers staff to give hours of community service in social community engagements. So far, KRA has registered 368 CSR staff volunteers. In the FY 2023/24 KRA Volunteers gave 2275 Hours to community service. This is approximately 94 days of their time in serving the community. Through the volunteers' programme we implemented two activities:

1. Weekly volunteers' initiative
2. CSR Volunteers Handbook

1. Weekly Volunteers Initiative

Through the weekly volunteers' initiative staff participated in the Feeding Programme that is a partnership between KRA and Relationship Haven. This initiative is supported by the Hindu Council of Kenya. This initiative is conducted every Sunday from 12.30 pm to 5:00 pm where staff visit informal settlements in Nairobi. In the FY 2023/24 154 KRA volunteers participated in 39 activities and served **10,729** families and children in Nairobi slums namely; Huruma, Elite school Kibera, Komarock Market, Makadara boys center, Imara Daima, Mission Hope Pangani, Mathare Christ Hope, Shinning Hill Academy, Njiru, Jericho Makadara, Viwandani Makadara, Mukuru Kayaba, Kicheko, mlolongo, Dagoretti South, Christian Restoration Church Matopeni, Pangani ward, Dagoretti Lenana area, Mwiki Kasarani area and Baba Dogo among others.

2. Volunteers Handbook

KRA developed a CSR Volunteers' Handbook whose purpose is to act as a volunteer's guide and facilitate the on-boarding process of newly registered volunteers. The handbook provides registration details and timesheets for documenting volunteers activities.

Environment pillar

- **Tree growing**

In this financial year, KRA has planted 377,388 against a target of 300,000 tree seedlings. This was made possible through adoption of forest in all KRA regions across the country. The trees were grown in the following locations: Mau Forest, Kinale Forest, Mangrove Forest, Mt. Elgon Forest, Kajulu Forest, Ganahola, Suam Forest, Lower Imenti Forest and Elbagon-Kiptunga Forest.

- **E-Waste Initiative**

KRA has also implemented an E-Waste Management initiative in partnership with WEE Centre. This initiative advances the Sustainable Development Goals and Circular economy through collecting, recovering and recycling all electronic waste. On December 8, 2024, KRA held a staff sensitization session on the importance of E-Waste management. This session aimed to educate staff and raise awareness about the E-Waste management initiative.

Education pillar

Since 2022, KRA has engaged various partners and volunteers to mentor 549 students, youth and teen mothers in Ngong, Kibra, Njiru and Mukuru kwa Reuben.

- **Mentorship initiatives**

Shinning Hill Junior & Secondary School

In the financial year 2023/24 CSR conducted a mentorship programme at Shinning Hill Junior and Secondary on 9th February 2024 at Njiru, Kasarani. This programme saw 191 students mentored on issues of drug abuse, teenage pregnancies and early marriages. The mentorship was carried out by approved KRA counsellors and approved peer educators Mrs. Bertha Kanyili and Mr. Samuel Githinji from Customs & Boarder Control Department.

Mentoring these students is important as it shows KRA's commitment to ensuring the wellbeing of Kenya's future tax payers.

Health pillar

The Health pillar is two pronged with KRA corporate led initiatives and volunteers driven initiative that supports neurodiversity and sanitary dignity.

- **Neurodiversity & Inclusivity.**

In July 2023, CSR organized a neurodiversity initiative at Percy Davies Special Schools in Murang'a, showcasing its commitment to supporting neurodiversity communities. The school has 202 special needs children mostly affected by autism.

In October 2023, KRA conducted a staff sensitization on dyslexia at the workplace to mark the global Dyslexia Awareness month.

- **Sanitary dignity – Code Red Campaign**

Code Red is an initiative that aims to address the need for menstrual hygiene and infant care products in correctional facilities for women and children. Its primary objective is to supply essential sanitary pads and diapers, fostering a healthier and more supportive environment within the prison system.

This initiative was achieved through staff donations of sanitary towels, diapers and dignity kits to women prisons in Kenya and schools. The Code Red campaign benefitted 1,097 women and 45 children's in Langata Women's Maximum Prison, Kisumu Women Prison, Shimo la Tewa Women Prison, Saika Group 'Njiru Feminist' at Silanga in Saika and St. Thomas Aquinas Komosoko secondary school in Isebania

HUMPHREY WATTANGA

Commissioner General

REPORT OF THE BOARD DIRECTORS

The Directors submit their report together with the unaudited financial statements for the period ended June 30, 2024 which show the state of Kenya Revenue Authority's affairs.

Principal activities

The principal activities of the Authority continue to be assessment and collection of revenue, administration, enforcement of laws relating to and accounting for revenue collected under the relevant Acts.

Results

The results of the Authority for the period ended June, 2024 are set out on pages 60 to 86.

Directors

The Members of the Board who served during the year are shown on page 6 to 20.

Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

Paul Matuku, EBS

By Order of the Board
Board Secretary

Date: 30th December, 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Kenya Revenue Authority Act require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial period ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the

manner required by the PFM Act, 2012 and The KRA Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial period ended June 30, 2024, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The Authority's financial statements were approved by the Board on 30th December, 2024 and signed on its behalf by:

HUMPHREY WATTANGA
Commissioner General

HON. NDIRITU MURIITHI
Chairman

REPORT OF THE AUDITOR-GENERAL ON KENYA REVENUE AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024**PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS*Qualified Opinion*

I have audited the accompanying financial statements of Kenya Revenue Authority set out on pages 60 to 103, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Revenue Authority as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with, the Public Finance Management Act, 2012.

*Basis for Qualified Opinion***1.0 Inaccuracies in the Financial Statements**

Review of the financial statements submitted for audit revealed the following inaccuracies

i. The statement of financial performance reflects agency income of Kshs.32,293,063,000 as disclosed in Note 3 to the financial statements. However, as further analyzed in Note 11 to the financial statements, the Authority received a funding of Kshs.29,901,566,000 (Kshs.28,811,566,000 in 2023/2024, Kshs.1,090,000,000 in July, 2024) out of the approved budget. The budget for the year 2023/2024 lapsed on 30 June, 2024. Therefore, the receipt of the undisbursed amount of Kshs.2,391,497,000 remain uncertain and contradicts Paragraph 31 of IPSAS 23 which states that an inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset shall be recognized as an asset when, and only when: it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and the fair value of the asset can be measured reliably.

ii. The statement of financial performance reflects administrative expenses of Kshs.30,839,311,000 as disclosed in Note 5 to the financial statements. The amount includes depreciation charge of Kshs.496,548,000. However, Note 8 to the financial statements on property, plant and equipment movement schedule reflects depreciation charge for the year of Kshs.548,604,000 resulting in unreconciled variance of Kshs.52,056,000.

iii. The statement of changes in net assets reflects a revaluation surplus for the year of Kshs.2,150,564,000. However, Note 8(i) reflects a surplus of Kshs.2,143,750,000, resulting in unreconciled variance of Kshs.6,814,000.

iv. The statement of cashflows reflects net cashflows from operating activities of Kshs.1,234,180,000. However, a reconciliation Note on net cashflows from operating activities using the indirect cashflow method has not been disclosed as required by the Public Sector Accounting Standards Board reporting template.

v. The statement of comparison of budget and actual amounts reflects final approved revenue budget and recurrent expenditure budget of Kshs.39,315,851,000 and Kshs.34,567,345,000 respectively. Similarly, the statement reflects final actual revenue and recurrent expenditure on comparable basis of Kshs.36,705,404,000 and Kshs.34,269,443,000. However, the actual amounts have been presented on accrual basis, while the budget is on cash basis contrary to Paragraph 7 and 14 of IPSAS 24 and the reporting template issued by the Public Sector Accounting Standards Board (PSASB). Further, explanation on material differences between the budget and actual amounts had not been disclosed as required paragraph 14 of IPSAS 24.

In the circumstances, the accuracy and completeness of the balances reflected in financial statements could not be confirmed.

2.0 Unsupported Administrative Expenses

The statement of financial performance reflects administrative expenses of Kshs.30,839,311,000 as disclosed in Note 5 to the financial statements. The balance includes insurance costs of Kshs.403,920,000 which has not been supported with details of insurance premiums paid. Further, the amount includes expenditure on printing and stationery amounting to Kshs.4,076,000 which was not supported with any documentary evidence.

In the circumstances, the accuracy and completeness of administrative expenses of Kshs.407,996,000 could not be confirmed.

3.0 Inaccuracies in Receivables Balance

The statement of financial position reflects receivables balance of Kshs.829,047,000 as disclosed in Note 10 to the financial statements. The balance includes Kshs.267,693,000 in respect of staff debtors. Included in the staff debtors is an imprest of Kshs.2,153,057 relating to officers who had exited the Authority. Although Management has provided for doubtful debts of Kshs.1,883,000, the recoverability of the Kshs.2,153,057 remains doubtful. Further, imprest of Kshs.508,800 relates to officers who were deceased and which Management had proposed for write-off. However, as at the time of audit, no feedback had been received from The National Treasury in regards to the write-off.

In addition, the balance includes prepayments made to suppliers of Kshs.57,653,000 which further include Kshs.14,424,546 paid to a local company for the supply, installation, testing and commissioning of Lifts at Customs House, Mombasa. Although the amount has been reflected as a prepayment, certificates of payment and invoices provided indicate that the payment relates to partial works already performed and certified.

In the circumstances, the accuracy of the receivables balance of Kshs.829,047,000 could not be confirmed. In addition, the collectability of the debt remains uncertain.

4.0 Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.33,278,045,000 as disclosed in Note 8 to the financial statements. The following anomalies were noted;

4.1 Delayed Transfer of Assets from Work in Progress

Note 8 to the financial statements reflects work in progress balance of Kshs.3,756,075,000 as at 30 June, 2024. However, supporting documentation such as original contracts and interim payment certificates were not provided to support the work in progress. Further, the Note reflects transfers from Work in Progress (WiP) of Kshs.257,881,000 comprising of motor vehicles; fixtures and fittings; fiber optic based Metropolitan Area Network (MAN); and Enterprise Network Management and WAN optimization solution; valued at Kshs.10,000,000; Kshs.39,653,000 Kshs.163,084,037 and Kshs.48,042,385 respectively. The completion certificates indicate that the works were purchased and works completed between 2020 and 2021.

However, the assets have been carried in the books as WiP and transferred in their respective classes of assets in the financial year under audit thereby misstating the depreciation charge for the year.

4.2 Land Without Title Documents

Note 8 to the financial statements reflects land valued at Kshs.12,851,064,000 as at 30 June, 2024. According to the valuation report for the properties, the balance includes 13 parcels of land without titles valued at Kshs.2,285,941,000. Management indicated that these properties were at various stages of registration with the National Land Commission and Ministry of Lands. In absence of the titles, the ownership of the parcels of land and the developments thereof could not be confirmed. The Note also indicates that the Authority was allocated five (5) plots which have been gazetted as border entry points. However, these plots have not been valued and Titles have also not been obtained. Management also indicates that four (4) plots measuring 7.4 Ha and with a value of Kshs.44,588,942 had disputes with other Government agencies and that an inter-agency committee had been formed to resolve the disputes. However, no disclosures have been provided in the financial statements.

4.3 Depreciation of Revalued Assets

Review of records revealed that Management revalued land and buildings; computers; motor vehicles; motor boats plant and machinery; and office equipment between 2022 and 2023. The revalued balances were adopted by the Board and were to take effect on 1 June, 2024. However, no depreciation was charged on the revalued assets in the month of June, 2024 contrary to the Authority's policy on Property, Plant and Equipment, which states that assets are stated at cost or valuation less accumulated depreciation and annual impairment losses, and that depreciation is prorated on a monthly basis.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.33,278,045,000 could not be confirmed.

5.0 Intangible Assets Balance

The statement of financial position reflects intangible assets with a net book value of Kshs.20,052,000 as further disclosed in Note 9 to the financial statements. Although a list of the intangible assets was provided for audit, supporting documentation was not provided. It was therefore not possible to confirm if the assets conform to the recognition and valuation criteria set out in paragraph 16 and 28 of IPSAS 31.

Further, the intangible assets include fully amortized assets with an historical cost of Kshs.2,623,384,200 and which are still in use. This is contrary to provisions of paragraph 96 of the IPSAS 1 which states that that the depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life.

In addition, the Note does not provide a distinction between internally generated and other intangible assets as required by paragraph 117 of IPSAS 31.

In the circumstances, the accuracy of the intangible assets balance of Kshs.20,052,000 could not be confirmed.

6.0 Excise Stamp Liability

Note 15 (B) to the financial statements reflects excise stamp liability of Kshs.3,625,708,000 which operates on a cost recovery model under Excisable Goods Management System (EGMS). However, it was observed that the Authority incurred costs due to an imbalanced pricing model for non-alcoholic beverages, where the stamp prices are set below the actual cost. This has resulted in the Authority absorbing the costs associated with this pricing structure leading to accumulation of debts.

Further, a stock take report for the stamps as at 30 June, 2024 indicates that 9,686,358 stamps of unknown value were lost. However, no evidence was provided on the type of the stamps lost, when the stamps were lost and investigations on the circumstances leading to their loss.

Additionally, the Authority had initiated a procurement process for a new EGMS system, as the existing contract was set to expire in July, 2023. This procurement process was approved by the Board in a meeting held on 23 March, 2023. However, as at the time of audit in December, 2024, the process had not been concluded, and it remains unclear whether the Authority will continue extending the contract.

Further, in a letter Ref: 1071/22/01'A'/(42)) from The National Treasury to the Commissioner General, the Authority was instructed to proceed with the handover process of the EGMS from the current service provider to the Kenya Revenue Authority.

However, the extent of this handover process could not be determined, particularly in the context of ongoing contract extensions. The addendum to the expired contract did not clarify whether the handover would include both the software and hardware or whether a solution from a new supplier would be compatible with the assets being transferred. This uncertainty arises amid efforts to source a new supplier.

In the circumstances, the accuracy of the excise stamp liability of Kshs.3,625,708,000 and the sustainability of the cost recovery model could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Revenue Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1.0 Working Capital Management

I draw attention to the statement of financial position which reflects total current assets of Kshs.3,940,590,000 and total current liabilities balance of Kshs.13,426,662,000, resulting to a negative working capital of Kshs.9,359,144,000. This is an indication that the Authority is in a net liability position and may not be able to settle liabilities when they fall due. It is also noted that during the year, current liabilities increased significantly by Kshs.2,526,780,000 compared to current assets which increased by Kshs.613,708,000, a reflection of Authority's continued accumulation of debts.

2.0 Long Outstanding Trade Payables

The statement of financial position reflects payables of Kshs.10,747,699,000 as further disclosed in Note 15 to the financial statements. The payables balance includes Kshs.6,742,004,000 in respect of trade creditors, whose balances have been outstanding for more than 365 days. Also Included is Kshs.60,022,000 which relates to invoiced amounts by the Administration Police for guarding KRA premises for the period July 2016 to January 2018 before gazettelement of the Authority as a protected area vide Legal Notice No.96 of 17 April, 2019. However, records maintained by the State Department for Internal Security and National Administration indicates that the bill had accrued to Kshs.418,004,000 as at 30 June, 2023, leaving unreconciled variance of Kshs.357,182,000. Although management indicated that it was engaging the State Department for waiver of the debt, the same had not been granted as at the time of Audit.

3.0 Amount Due from The National Treasury Not Recoverable

The statement of financial position reflects amount due from The National Treasury of Kshs.17,371,838,000 as disclosed in Note 11 to the financial statements. The balance is classified as non-current asset and represents cumulative funding allocation not received by the Authority over the years. The recoverability of the balance due from the National Treasury is in doubt.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Non-Disclosure of the Board Performance and Remuneration

The corporate governance statement does not indicate the results of the Board evaluation conducted by the State Corporation Advisory Committee. Further, there is no disclosure of the remuneration to board members individually, the accounting officer and senior management as required by Mwongozo code of governance for State Corporations

In the circumstances, the completeness of non-financial information could not be confirmed.

Other Information

The Management is responsible for the other information set out on page 1 to 59 which comprise of Key information and Management; Board of Directors; Management Team; Chairman's Statement; Commissioner General's Statement; Review of Kenya Regulatory and Non-commercial Enterprise; Corporate Governance Statement; Management Discussion and Analysis; Environmental and Sustainability Reporting; Corporate Social Responsibility; Report of the Board of Directors and Statement of Directors' Responsibility

The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kenya Revenue Authority financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Non-Compliance with Authority Guidelines on Internship

Review of the internship records revealed instances where 53 interns were engaged for a period of more than two years. This was contrary to the Authority's internship and attachment policy clause 8.3.11 which states that internship period will not exceed one (1) year, but may be extended for a period not exceeding one (1) year, in exceptional cases.

In the circumstances, Management was in breach of the Authority's guidelines on internship and attachment.

2.0 Non-Compliance with the Transfer Policy Guidelines

Review of staff transfers effected during the year revealed that 57 officers transferred from hardship areas had served in the stations for a duration of between two (2) and seven (7) years while 214 officers transferred from other stations had served in the previous workstation for a period of between 4 and 36 years. In addition, human resource records indicate that twenty (20) staff members posted to hardship areas had overstayed with some having served for over ten years without rotation. This is contrary to Section 8.1 of the Authority's transfer policy which states that officers

shall not remain in the area of assignment for more than two years in gazetted hardship areas and not more than 4 years in all other areas of assignment. Although Human Resources Department indicated that it had issued memos to the relevant departments, no justification was provided for the delayed redeployment.

In the circumstances, Management was in breach of the Authority's transfer policy guidelines.

3.0 Secondment of Staff to The National Treasury

Review of records revealed that the Authority seconded a commissioner and three senior management officials who are engaged on contractual terms to The National Treasury. This is contrary to Section B.33 (1) of the Public Service Commission Human Resource Policies and Procedures Manual, 2016 which states that secondment of officers from the Public Service to other organizations is applicable to pensionable officers. Further, the staff continued to draw salary from the Authority despite their deployment.

In the circumstances, the Board was in breach of the Public Service Commission Guidelines on secondment of staff in the public service.

4.0 Failure to Prepare Financial Statements for Car Loan and Mortgage Scheme

The statement of financial position reflects secure deposits of Kshs.3,155,916,000 as disclosed in Note 12 to the financial statements. The balance is placed as security against staff mortgage advances and car loans. However, separate financial statement had not been prepared and submitted for audit as required by the Salaries and Remuneration Commission Circular dated 17 December, 2014 on car loan and mortgage schemes for state officers and other public officers of Government of Kenya which advised on the mortgage benefits for all state officers and other public officers in Kenya.

In the circumstances the Management was in breach of the law.

5.0 Delinking of Kenya School of Revenue Administration from Agency Operations

Review of records revealed that the Authority owns Kenya School of Revenue Administration (KESRA) which was established to enhance the capacity building of staff members and provide a learning platform for the public on tax affairs. However, the activities of KESRA do not fall within the core mandate of the Authority as outlined in the Kenya Revenue Authority Act. Further, the School is a registered institution having the Technical and Vocational Education and Training Authority (TVETA) Certificate and the National Industrial Training Authority (NITA) Approval. However, separate financial statements for the school were not prepared.

In the circumstances, the operations and financial performance of KESRA could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, except for the effects of the matter discussed in the Basis for Conclusion on Internal Controls, Risk Management and Governance section of my report, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Weaknesses in Internal Control Over Management of Authority Information System

Review of records revealed an intrusion on the Regional Electronic Cargo Tracking System (RECTS) system between 4 and 14 March, 2023, where 11 alert incidences were noted involving a truck on transit. These incidents were traced to an unknown user created in the Nakuru Rapid Response Unit, where the alerts were being routed. A report by management dated 12 July, 2023 indicated that a staff member, who was the RECTS system administrator, had created users in the system. These users were located in Nakuru and Eldoret, and were set to receive alerts. As a result of this intrusion, cargo of unknown value was lost. Management indicated that investigations relating to one thousand one hundred and eight (1,108) custom entries are in progress to determine if there was any revenue loss. No evidence was provided on actions taken to avert occurrence of a similar incident in future. Further, management has not provided details on the culpability of staff members or other parties involved, nor have they elaborated on any legal actions to be taken against those responsible.

In Addition, review of records revealed that nineteen (19) individuals were involved in tampering with tax payers ledgers to effect irregular refunds. Among the individuals involved, one person was not a staff member. Out of the 18 staff members, eight (8) were interdicted, four (4) retired, two (2) are deceased and four (4) were dismissed from service. However, details of the taxpayers' ledgers affected by the irregular refunds, and steps taken to recover irregular refunds (if any) or rectify incorrect transactions were not provided.

In the circumstances, the effectiveness of Management's internal controls over information system could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a

conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

FCPA NANCY GATHUNGU, CBS
Auditor-General
Nairobi
31 December, 2024

KENYA REVENUE AUTHORITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

		2023/2024	2022/2023
		Kshs'000	(Re-stated) Kshs'000
REVENUE	NOTE		
Revenue from non- exchange transactions			
Deferred grant income amortisation	2	500,888	394,142
Agency Income	3	32,293,063	26,177,266
Revenue from exchange transactions			
Commissions Income	4(a)	3,305,600	2,761,311
Interest Income	4(b)	177,752	243,686
Other Income	4(c)	428,100	439,662
TOTAL REVENUE		36,705,403	30,016,067
EXPENDITURE			
Administrative Expenses	5	30,839,311	29,523,140
Operating Expenses	6	2,037,401	1,709,513
Maintenance Expenses	7	1,392,731	1,295,864
TOTAL EXPENDITURE		34,269,443	32,528,517
Other gains/(losses)			
(Loss) / Gain on disposal of assets		(28,473)	9,808
SURPLUS/(DEFICIT) FOR THE YEAR		2,407,487	(2,502,642)

The financial statements set out herein were signed on behalf of the Board of Directors by;

CPA JOSEPHAT OMONDI
Head of Finance - ICPAK Member No. 3473

HUMPHREY WATTANGA
Commissioner General

HON. NDIRITU MURIITHI
Chairman

Date: 30th December, 2024

The notes set out on pages herein form an integral part of the Financial Statements

**KENYA REVENUE AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

		2023/2024	2022/2023 (Restated)
	NOTE	Kshs '000	Kshs '000
Assets			
Current Assets			
Cash and Bank Balances	13	3,028,733	2,574,865
Stocks	14	82,810	82,491
Receivables	10	829,047	669,526
		3,940,590	3,326,882
Non-Current Assets			
Property, Plant & Equipment	8	33,278,045	30,269,179
Intangible Assets	9	20,052	120,209
Amount due from Treasury	11	17,371,838	13,890,340
Security Deposits	12	3,155,916	3,078,470
		53,825,851	47,358,198
Total Assets		57,766,441	50,685,080
Liabilities			
Current Liabilities			
Payables	15	10,747,699	8,237,026
Leave Pay and Gratuity Provision	16	2,178,075	2,268,714
Deferred Income Amortisation	24	500,888	394,142
		13,426,662	10,899,882
Non Current Liabilities			
Contribution to Government Pension Fund	17	-	6,705
Deferred Grants Income	24	539,023	723,056
Designated Fund	18	58,157	91,627
		597,180	821,388
Total Liabilities		14,023,842	11,721,270
Net Assets		43,742,599	38,963,810
Represented by;			
Capital grants by the Treasury and Other Funds	19	21,824,040	21,603,301
Accumulated Fund		3,689,492	1,282,005
Revaluation Reserve		18,229,067	16,078,504
Net Assets		43,742,599	38,963,810

The financial statements set out herein were signed on behalf of the Board of Directors by;

CPA JOSEPHAT OMONDI

Head of Finance - ICPAK Member No. 3473

HUMPHREY WATTANGA

Commissioner General

HON. NDIRITU MURIITHI

Chairman

Date: 30th December, 2024

The notes set out on pages herein form an integral part of the Financial Statements

**KENYA REVENUE AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	Capital Grants by Treasury	Accumulated Fund	Revaluation Reserve	Total Fund
		Kshs'000	Kshs'000	Kshs'000	Kshs'000
1 July 2022		19,255,649	3,810,601	16,303,344	39,369,593
Prior year adjustment	25	-	(25,955)	-	(25,955)
1 July 2022 (Re-stated)		19,255,649	3,784,646	16,303,344	39,343,640
Contribution for the year		2,347,652	-	-	2,347,652
Charge for the year		-	-	(224,840)	(224,840)
Deficit for the year		-	(2,488,550)	-	(2,488,549)
At 30 June 2023		21,603,301	1,296,096	16,078,503	38,977,901
Prior year adjustment	25	-	(14,091)	-	(14,091)
1 July 2023		21,603,301	1,282,005	16,078,503	38,963,810
Contribution for the year	19	220,739	-	-	220,739
Deficit for the year		-	2,407,487	-	2,407,487
Charge for the year	24	-	-	2,150,564	2,150,564
At 30 June 2024		21,824,040	3,689,492	18,229,067	43,742,599

The notes set out on pages herein form an integral part of the Financial Statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

	Notes	2023/2024 Kshs ('000)	2022/2023 (As restated) Kshs ('000)
Cash flows from Operating Activities			
Receipts			
Transfers from The National Treasury		28,811,565	20,360,223
Commission Income		3,289,349	2,675,081
Rental Income		190,258	162,017
Interest Income		137,137	235,848
Other Income		107,741	249,261
Total Receipts		32,536,050	23,682,431
Payments			
Employee Costs		24,458,757	22,128,647
Board Expenses		32,611	31,328
Other Expenses		6,727,032	7,181,532
Security Deposits		50,000	-
Legal Fees (Designated Fund)		33,470	35,096
Total Payments		31,301,870	29,376,603
Net cash flows from/(used in) operating activities		1,234,180	(5,694,172)
Cash flows from Investing Activities			
Purchase of PPE and Intangible assets		(1,384,010)	(1,774,929)
Proceeds from sale of PPE		11,658	19,580
Net cash flows from/(used in) investing activities		(1,372,352)	(1,755,349)
Cash flows from Financing Activities			
Contribution by the National Treasury		168,439	2,347,652
Deferred Funding by the World Bank		423,601	155,315
Net cash flows from financing Activities		592,040	2,502,967
Net increase/(decrease) in cash & Cash equivalents		453,868	(4,946,554)
Cash and cash equivalents at 1 July		2,574,865	7,521,419
Cash and cash equivalents at 30 June		3,028,733	2,574,865

The financial statements set out herein were signed on behalf of the Board of Directors by;

CPA JOSEPHAT OMONDI

Head of Finance - ICPAK Member No. 3473

HUMPHREY WATTANGA

Commissioner General

HON. NDIRITU MURIITHI

Chairman

Date: 30th December, 2024

The notes set out on pages herein form an integral part of the Financial Statements

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024						
	Adjusted Budget	Adjustments	Final Approved Budget 2023/2024	Actual Comparable Basis 2023/2024	Performance Difference 2023/2024	Performance Difference 2023/2024 (%)
	KSHS '000	KSHS '000	KSHS '000	KSHS '000	KSHS '000	(%)
INCOME :						
Agency fees	24,811,566	7,481,498	32,293,063	32,293,063	0	100%
Road Maintenance Levy	1,901,424	-	1,901,424	1,585,574	(315,851)	83%
Sale of Tamper- Proof seals	3,298	-	3,298	13,486	10,189	409%
Petroleum Development levy	583,486	-	583,486	483,162	(100,325)	83%
NTSA Agency Commission	8,620	-	8,620	6,705	(1,915)	78%
Interest income	187,587	-	187,587	177,752	(9,834)	95%
Transit Toll	32,000	-	32,000	41,231	9,231	129%
Rent receivable	5,613	-	5,613	8,779	3,167	156%
Public Overtime	253	-	253	-	(253)	0%
Institutional houses - rent	153,632	-	153,632	181,544	27,912	118%
Aviation Revenue	-	-	-	13,684	13,684	0%
Air Passenger Service charge	307,400	-	307,400	339,403	32,003	110%
KESRA Income	-	607,024	607,024	294,031	(312,993)	-
Miscellaneous Income	122,077	-	122,077	8,698	(113,379)	7%
Nairobi City County Government	-	-	-	-	-	0%
Tax Appeals Tribunal Filing Fees	-	-	-	-	-	100%
Sugar Levy	-	-	-	12,139	12,139	100%
Deferred Income Amortisation	-	-	-	500,888	500,888	100%
Solatium	-	-	-	-	-	200%
Other AIA- Penalties from Agent Banks	-	91,049	91,049	5,236	(85,813)	300%
Housing Levy Commission	-	667,094	667,094	715,402	48,308	400%
National Industrial Training Authority Income	-	-	-	24,627	24,627	-
Roll Over Funds - Development	1,696,270	-	1,696,270	-	(1,696,270)	-
Roll Over Funds - Recurrent	655,961	-	655,961	-	-	-
Total Operational Income	30,469,187	8,846,664	39,315,851	36,705,404	(258,215)	93%
STAFF COSTS:						
Basic pay	12,644,105	3,645,924	16,290,029	14,838,853	1,451,176	91%
Other Staff Expenses	5,246,693	1,549,399	6,796,092	7,459,564	(663,472)	110%
Medical Expenses	1,295,740	532,444	1,828,183	2,147,127	(318,943)	117%
Total Staff Salaries and Allowances	19,186,537	5,727,767	24,914,304	24,445,544	468,760	98%
OPERATIONAL Expenses:						
Staff Welfare Expenses	36,224	(4,093)	32,131	22,035	10,095	69%
Training Expenses	350,413	(58,521)	291,892	238,509	53,384	82%
Uniform & Laundry Expenses	126,811	(33,423)	93,387	77,548	15,840	83%
Travel & Accommodation	432,905	237,884	670,789	837,603	(166,815)	125%
Utilities Expenses	591,704	80,765	672,469	662,767	9,702	99%
Building Repairs & maintenance	110,557	69,899	180,456	141,489	38,967	78%
Motor Running Expenses	220,566	224,337	444,902	519,610	(74,708)	117%
Motor boat running Expenses	15,321	(814)	14,507	10,062	4,445	69%
Scanner Expenses	966,261	293,992	1,260,253	1,241,180	19,073	98%
Rents & Rates	1,134,996	79,680	1,214,676	1,190,121	24,556	98%
Computer Software	1,274,045	28,818	1,302,863	1,044,940	257,923	80%
Computer Expenses	17,917	16,828	34,746	-	34,746	0%
Security Expenses	606,308	165,170	771,478	766,559	4,918	99%
Insurance Expenses	457,975	21,846	479,821	403,919	75,901	84%
Publicity & Advertising	124,160	166,429	290,589	165,063	125,526	57%
Taxpayers Education	44,463	(5,492)	38,971	33,228	5,743	85%
Consultancy	598,558	303,413	901,971	1,001,309	(99,338)	111%
Legal & Secretarial Expenses	27,906	(3,826)	24,080	4,379	19,702	18%
Directors' Expenses	58,749	1,007	59,755	32,611	27,145	55%
Bank Charges	53,417	(4,795)	48,622	38,869	9,753	80%
Conference Expenses	60,309	31,570	91,879	119,771	(27,892)	130%
Office Running Expenses	525,710	62,662	588,372	502,809	85,563	85%
Printing & Stationery Expenses	36,557	17,688	54,245	56,243	(1,998)	104%
Enforcement Expenses	54,747	(2,926)	51,821	28,017	23,804	54%
Laboratory Expenses	8,188	588	8,776	6,191	2,585	71%
Provision for Bad Debts	-	-	-	2,392	(2,392)	-
Corporate Membership Subscriptions	28,220	-	28,220	27,913	307	99%
Depreciation Provision	-	-	-	648,762	(648,762)	-
TOTAL Operational Expenses	7,962,986	1,690,056	9,653,042	9,823,899	(170,858)	102%
TOTAL Recurrent Expenses	27,149,523	7,417,823	34,567,345	34,269,443	297,903	99%

<i>Less: Disposal of Fixed Assets</i>			-	(28,473)		
(DEFICIT)/ SURPLUS FOR THE PERIOD	3,319,664	1,428,842	4,748,505	2,407,488	2,341,016	
Provisions for Mortgage & Car loan Funds	350,000	(200,000)	150,000	150,000	-	
EGMS Debt	-	1,000,000	1,000,000	1,000,000	-	
Capital & Development (Including KESRA)	2,989,663	736,042	3,598,505	1,436,310	2,162,195	
TOTAL OTHER FUNDS	3,339,663	1,536,042	4,748,505	2,586,310	2,162,195	
(DEFICIT)/ SURPLUS FOR THE PERIOD			(0)	(178,822)	178,821	

Notes:

The variance in performance in the expenditure lines is due to funding from funds rolled over from FY 2022/2023. It is noted that the Authority had been under funded in the financial year hence expenditure was more than the funding for the financial year.

The notes set out on pages herein form an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1 (o).

The financial statements have been prepared and presented in Kenya Shillings which is the functional and reporting currency of the Authority and all values are rounded to the nearest thousand (Kshs. 000).

The financial statements have been prepared in accordance with the PFM Act, the Kenya Revenue Authority Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

ADOPTION OF NEW AND REVISED STANDARDS

New standards and amendments to published standards effective for the year ended 30 June 2024

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There were no new and amended standards issued in the financial year.

ii. Relevant new standards and amendments to published standards but not yet effective for the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 43	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The standard will have a significant impact on the accounting treatment of operating leases by the Authority.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and; Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The standard will have significant low /no impact on the Financial Statements of the Authority due to limited assets held for sale and discontinued operations.
IPSAS 45- Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The standard will have significant low /no impact on the Financial Statements of the Authority due to limited heritage assets and infrastructure assets.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. Management is accessing the impact of this Standard to the Financial Statements of the Authority.
IPSAS 47- Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. Management is accessing the impact of this Standard to the Financial Statements of the Authority.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. Management is accessing the impact of this Standard to the Financial Statements of the Authority.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

<i>Standard</i>	<i>Effective date and impact:</i>
	<i>Management is accessing the impact of this Standard to the Financial Statements of the Authority.</i>

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2023/2024.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

i) Agency Income

In accordance with the Kenya Revenue Authority Act CAP 469, income to the Authority is “such amounts not exceeding 2% as may be determined by the Minister each financial year” of the total estimated revenue to be collected by the Authority on behalf of the Exchequer. In addition, the Authority is entitled to a Bonus of 3% of the surplus revenue collected above the estimates and also earns income from other activities. Agency Income is recognised.

ii) Revenue from exchange transactions

Finance Revenue

Finance revenue comprises interest receivable on fixed and security deposits. The revenue is recognised as it accrues in using the effective yield method. Interest income is derived from short term placements held in approved commercial banks.

Rental income

Rental income is recognised on a straight line basis over the lease term.

Commission revenue

Commission income comprises agency fees charged on collections made on behalf of other regulatory bodies.

Other operating income

Other income is recognised when significant risks and rewards of ownership are transferred to the recipient and the amounts of revenue can be reliably measured.

(b) Development funding and capital grants by the Treasury

Grants by the Treasury in form of assets or funding for acquisition of major assets or development projects are recognized as a financing reserve when received. No repayment of the financing is expected by the Authority.

(c) Property, Plant and Equipment

All categories of property, plant and equipment are stated at cost or valuation less accumulated depreciation and annual impairment losses. Depreciation is calculated to write off the cost or valuation of each asset to its residual value where applicable, over the expected useful life of the asset in equal instalments. Depreciation is prorated from the month of purchase but no charge is made in the month of disposal.

The estimated useful life is as follows: -

Plant & Machinery	8 years
Equipment/Furniture/Fittings	8 years
Equipment – Loose Tools	5 Years
Boats	8 years
Motor Vehicles	5 years (with a 10% residual value)
Computers	3 years
Computer Software	3 Years
Buildings	40 years
Leasehold land	Over the remaining lease period

Gains or losses on property, plant and equipment are determined by reference to their carrying value and are taken into account in determining the surplus / (deficit) for the year.

(d) Intangible Assets

Intangible assets consist of various computer software systems purchased for use by the Authority. The Authority recognises Intangible Assets acquired separately at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over their useful lives as estimated by management from time to time.

(e) Cash and Cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and short-term deposits held with banks.

(f) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Kenya Shillings at the rate ruling on that date. The resulting foreign exchange gains and losses are recognized on a net basis, differences are dealt with in the income and expenditure statement in the financial year in which they arise.

(g) Employee benefits costs

(i) Retirement benefit obligations

The Authority operates a hybrid pension scheme with a defined contribution plan for the permanent and pensionable employees. Payments to the scheme by the Authority are recognised as an expense when employees have rendered service entitling them to the contributions. The scheme is funded by contributions from both the entity and the employees. The entity and all employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

ii) Other entitlements

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for outstanding leave at the reporting date.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the weighted average price. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

(i) Receivables

Receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Objective evidence of impairment of the receivables is when there is significant financial difficulty of the counter party or when there is a default or delinquency in payment according to agreed terms. When a receivable is considered uncollectible it is written off. Subsequent recoveries of amounts previously written off are credited in the Statement of Financial Performance. Changes in the carrying amount of the allowance account are recognized in the Statement of Financial Performance.

(j) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer), otherwise they are presented as non-current liabilities.

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

(k) Provisions

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

(l) Budget information

The KRA Board of Directors approved the original budget for FY 2023-2024 on 15th August 2023. The initial funding allocation by the National Treasury (TNT) for FY 2023/24 was insufficient to support operations i.e. staff costs, existing contracted services and other revenue operational costs up to the end of the Financial Year. The funds were expected to last a maximum of 8 months to February 2024.

An additional funding of Kshs.10.98 Billion was allocated from the National Treasury to cater for Budget Deficit for revenue mobilization operations under Article 223 of the Constitution of Kenya 2010. The 1st Revised Budget was prepared, presented, approved and signed by the Board on 13th February 2024.

Further, the National Treasury effected a second budget revision as a result of the reduction of Kshs. 3.5 Billion of the Authority's supplementary budget. This was presented to the Board and approved on 23rd May 2024.

(m) Nature and Purpose of Reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority has created Capital Grants from the National Treasury reserves to represent the National Treasury's input by directly funding capital development for the Authority.

The Revaluation reserves represent the surplus arising from the revaluation of the Authority's Property, Plant and Equipment.

(n) Related Parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

(o) Critical Accounting Estimates and Judgements in applying the Authority's accounting policies

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

Critical accounting judgments in applying the Authority's policies*Impairment losses*

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Plant and equipment

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Contingent liabilities

The directors evaluate the status of any exposures on a regular basis to assess the probability of the entity incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

2. REVENUE FROM NON EXCHANGE TRANSACTIONS

	2023/2024		2022/2023	
	Kshs '000		Kshs '000	
Amortisation of grants deferred Income	500,888		394,142	
	500,888		394,142	

Deferred incomes are the inflows of economic benefits or services received/receivable from assets donated to the Authority. The increase in the amortisation of grants is due to addition donated assets by World Bank and other donors, the additional assets include motor vehicles, furniture and equipment, and computers.

3. REVENUE FROM NON EXCHANGE TRANSACTIONS

	2023/2024		2022/2023	
	Kshs '000		Kshs '000	
Agency Income	32,293,063		26,177,266	
	32,293,063		26,177,266	

The Agency Income is provided for in accordance with the provisions of the Kenya Revenue Authority Act CAP 469 Section 16.

4. REVENUE FROM EXCHANGE TRANSACTIONS**a. Commissions Income**

	2023/2024		2022/2023	
	Kshs '000		Kshs '000	
Road Maintenance Levy Commission	1,585,574		1,682,932	
Aviation Revenue Commission	13,684		121,534	
Air Passenger Service Charge Commission	339,403		271,980	
NCCG Commission Income	-		45,730	
KEBS & Sugar Levy Agency Income	12,139		12,223	
Road Transit Toll	41,231		31,897	
National Transport & Safety Authority Commission	6,705		7,830	
Petroleum Development Levy	483,162		518,301	
KAA Concession Fees	3,357		3,116	
Petroleum Regulatory Levy	39,311		23,832	
Merchant Shipping Service Levy	42,809		38,099	
Solatum Agency Commission	5,236		-	
National Housing Development Levy	708,363		-	
National Industrial Training Authority Commission	24,627		3,837	
	3,305,600		2,761,311	

The Commissions Income represents amounts earned on agency revenue collections as per the Service Level Agreements (SLAs) with the principals.

- The decrease in Road Maintenance Levy Commission and Petroleum Development Levy is attributable to the under performance in the revenue collection hence reduced commission arising therefrom.
- The increase in Air Passenger Service Charge Commission is attributable to increase in revenue collection performance.
- The decrease in Aviation Revenue Commission and NCCG Commission is attributable to expiry of the Service Level Agreements with the Kenya Civil Aviation Authority and Nairobi County Council Government respectively. KRA no longer collects the related Revenue items.
- The Authority commenced the collection of National Industrial Training Authority's income in Q4 FY 2022/2023.
- The Authority commenced the collection of the Affordable Housing Levy and Solatum Agency Commissions in FY 2023/2024.

b. Interest Income

	2023/2024		2022/2023	
	Kshs '000		Kshs '000	
Interest on Fixed Deposits	152,809		224,875	
Interest on Security Deposits	24,944		18,812	
	177,752		243,686	

Interest Income consists of incomes from deposits placed on Short Term Fixed Deposits and on Security Deposits on back up funds on staff mortgage and staff car loan schemes. The decrease in interest income is attributable to reduced funds and disbursements.

c. Other Incomes

	2023/2024	2022/2023
	Kshs '000	Kshs '000
Sale of Tamperproof Seals	13,486	13,626
Public Overtime	-	949
Staff Housing Rental Income	181,544	155,503
Property Rental Income	8,779	6,515
KESRA Incomes	294,031	316,109
Insurance Commission	7,039	6,767
Miscellaneous Income **	- 76,780	- 59,807
	428,100	439,662

** Miscellaneous income consists of income from sale of tender documents, staff identity cards and gains / losses on foreign exchange on payments.

- The decrease in miscellaneous Incomes is due to foreign exchange losses on payments to foreign suppliers due to the depreciation of the shilling.

5. ADMINISTRATIVE EXPENSES*a. Staff and Employee Costs*

	2023/2024	2022/2023
	Kshs '000	Re-stated Kshs '000
Salaries & Allowances	22,389,056	20,464,891
Medical Expenses	2,147,127	1,665,198
Provision for Staff Leave	(102,256)	862
Provision for Staff Contract Gratuity & Severance Pay	78,942	308,051
Provision for Staff on Suspension	(67,325)	(9,621)
	24,445,544	22,429,381

b. Other Administrative Expenses

	2023/2024	2022/2023
	Kshs '000	Kshs '000
Travelling & Accommodation	837,603	647,989
Utilities	662,766	556,020
Staff Welfare	22,035	17,034
Printing & Stationery	56,243	57,870
Consultancy	373,493	270,568
Electronic Seals Managements Services	655,728	615,000
Computer Expenses	1,044,940	1,067,648
Training	238,509	191,755
Office Running Expenses	502,809	526,003
Insurances	403,920	404,098
Board Expenses (i)	32,611	31,328
Conference Expenses	119,771	114,318
Consumable Stores	-	1,817
Security Expenses	766,559	761,820
Enforcement Expenses	28,017	43,547
Depreciation Charge	496,548	1,681,425
Amortisation of Intangible Assets	152,214	105,517
	6,393,767	7,093,759
TOTAL ADMINISTRATIVE EXPENSES	30,839,311	29,523,140

The increase in salaries and allowances is attributable to increased staff numbers and annual salary increments.

- The increase in medical expenses is attributable to increased staff members and cases.
- The decrease in provision for leave is attributable to utilisation of leave days by staff.
- The increase in Travel and Accommodation is attributable to increased travel for field operations, technical meetings, international conferences and trainings in the period.

- The increase in consultancy is attributable to increase in training collaboration by KESRA in the financial period.
- The increase in training is attributable to training of the Revenue Services Assistants.

i. Board Expenses

		2023/2024		2022/2023
		Kshs '000		Kshs '000
Directors' fees		11,358		10,038
Sitting Allowances		9,145		10,943
Accommodation & Travel Expenses		10,876		9,274
Insurance Expenses		1,231		1,073
		32,611		31,328

6. OPERATING EXPENSES

		2023/2024		2022/2023
		Kshs '000		Kshs '000
Rent & Rates		1,190,121		1,068,070
Taxpayer Education		33,228		39,961
Motor Running Expenses		519,611		392,501
Advertising & Public Relations		165,063		172,307
Secretarial Expenses		4,379		18,740
Uniforms & laundry		77,548		2,742
Provision for Doubtful Debt		2,392		
Bank Charges		38,869		6,551
Laboratory Expenses		6,191		8,642
		2,037,401		1,709,513

- The increase in Rent and Rates is due to escalation of lease agreement and increase in offices.
- The increase in motor vehicle expenses is attributable to maintenance of units and in fuel costs.
- The decrease in secretarial expenses is attributable to reduced activities in the period.
- The increase in uniforms and laundry expenses is attributable to procurement of uniforms for the Revenue Services Assistants.
- Increase in bank charges is attributable to charges accrued for the Safaricom bills for paybill collection for betting companies.

7. MAINTENANCE EXPENSES

		2023/2024		2022/2023
		Kshs '000		Kshs '000
Building Repairs & Maintenance		141,489		150,539
Scanner Expenses	(a)	1,241,180		1,142,843
Motor Boat Expenses		10,062		2,482
		1,392,731		1,295,864

- The increase in scanner expenses is attributable to the accrual of leasing expenses and foreign exchange rate escalation in the current period.

(a) Scanner expenses

		2023/2024		2022/2023
		Kshs '000		Kshs '000
Annual Maintenance Contract		56,370		346,188
Scanner Leasing Expenses		1,184,810		764,937
Routine Maintenance and Other Expenses		-		31,718
		1,241,180		1,142,843

The Authority has 7 leased scanners for use at the border/entry and exit points.

8. PROPERTY, PLANT AND EQUIPMENT.**(i)**

	BUILDINGS	LAND	PLANT & MACHINERY	MOTOR VEHICLE	OFFICE EQUIPMENTS & FURNITURE	LOOSE TOOLS	COMPUTERS & OTHER ICT EQUIPMENT	MOTOR BOATS	WIP	TOTAL
	KS HS '000'	KS HS '000'	KS HS '000'	KS HS '000'	KS HS '000'	KS HS '000'	KS HS '000'	KS HS '000'	KS HS '000'	KS HS '000'
COST										
1 July 2023	15,241,117	9,399,300	4,665,937	1,255,233	1,388,820	2,198,088	1,234,890	406,674	3,284,625	39,074,685
Adjustment	175,000	-	-	-	-	-	-	-	-	175,000
Additions	17,874	52,300	-	170,975	150,077	220,727	95,027	-	729,331	1,436,310
Asset Revaluation Surplus / (Deficit)	(2,504,558)	4,126,197	(638,923)	331,150	125,905	-	631,131	72,847	-	2,143,750
Transfer/Adjustments	(2,346,055)	(726,732)	(1,882,004)	(799,228)	(640,223)	-	(1,148,101)	(339,617)	-	(7,881,961)
Transfer of WIP	-	-	-	10,000	39,653	-	208,228	-	(257,881)	0
Disposal	-	-	(10,299)	(7,513)	-	-	-	(4,777)	-	(22,589)
30 June 2024	10,583,377	12,851,065	2,134,711	960,617	1,064,232	2,418,815	1,021,175	135,127	3,756,075	34,925,195
DEPRECIATION										
1 July 2023	2,346,055	726,732	1,882,004	799,228	640,223	923,546	1,148,102	339,617	-	8,805,507
Adjustment	175,000	-	-	-	-	-	-	-	-	175,000
Charge for the Year on additions	426	-	-	8,331	6,995	463,496	69,356	-	-	548,604
Transfer/Adjustments	(2,346,055)	(726,732)	(1,882,004)	(799,228)	(640,223)	-	(1,148,102)	(339,617)	-	(7,881,961)
	175,426	-	-	8,331	6,995	1,387,042	69,356	-	-	1,647,150
NET BOOK VALUES:										
30 June 2024	10,407,952	12,851,065	2,134,711	952,287	1,057,237	1,031,773	951,819	135,127	3,756,075	33,278,045
COST										
1 July 2022	15,241,117	9,399,300	2,917,879	1,235,476	1,210,318	1,257,627	1,189,178	398,692	4,486,876	37,336,463
Additions	-	-	4,131	50,966	178,502	940,463	45,712	7,982	547,176	1,774,931
Transfer of WIP	-	-	1,749,427	-	-	-	-	-	(1,749,427)	-
Disposal	-	-	(5,500)	(31,208)	-	-	-	-	-	(36,708)
30 June 2023	15,241,117	9,399,300	4,665,938	1,255,234	1,388,820	2,198,089	1,234,890	406,674	3,284,626	39,074,687
DEPRECIATION										
1 July 2022	2,008,214	557,103	1,349,877	685,199	480,023	538,876	994,092	312,793	-	6,926,178
Charge for the Year	276,311	4,851	562,573	137,184	160,200	384,671	154,010	1,626	-	1,681,426
Dep. On Reval	110,037	116,271	(26,665)	-	-	-	-	25,198	-	224,841
Disposal/Retirement	-	-	(3,782)	(23,155)	-	-	-	-	-	(26,936)
30 June 2023	2,394,562	678,225	1,882,004	799,228	640,223	923,547	1,148,102	339,617	-	8,805,509
NET BOOK VALUES:										
30 June 2023	12,846,555	8,721,075	2,783,935	456,005	748,596	1,274,542	86,788	67,057	3,284,626	30,269,179

The Transfer/Adjustments is in respect of Accumulated Depreciation as at 30 June 2023 which has been reversed in accordance with the requirements of IPSAS 17 Section 50. The adjustment of Kshs. 175 Million relate to correction of a compensating error in cost and depreciation in buildings.

(ii) Land & buildings

The Authority received several leasehold properties (land and buildings) from the government at inception in 1995. The Authority was not required to pay for the property hence did not incur any cost on the same. To recognize the property in its books, the Authority undertook a professional valuation of the land and buildings in 1996 and the values were adopted in the Authority's statement of financial position. The assets were revalued again in the Financial Year 2016/17 and the values adopted in the statements.

The Authority is yet to receive title documents for 7 pieces of leasehold land from the Government. These properties are at various stages of registration with the Commissioner of Lands. The Authority was allocated 5 plots of land in Halugho, Amuma, Gerille, Elwak & Diff which have been gazetted as border entry points. The five (5) plots are yet to be valued.

(iii) Revaluation of Property, Plant and Equipment

The Authority carried out a revaluation of Land & Buildings, Computers, Motor Vehicles, Motor Boats, Plant & Machinery and Office Equipment in May 2024, and has adopted the revalued amounts in the Statement of Financial Position. The valuation was done by internal professionally qualified valuers who adopted the Depreciated Replacement Cost approach method of valuation for all the classes apart from Land where the Market Comparable approach was adopted. The revaluation established the value of an asset in reference to recent comparable transactions involving sale of similar assets by ascertaining fair value in an active and liquid market. The revaluation surplus / deficits for individual items within these classes have been disclosed in the asset movement register above.

(iii) Capital Work In Progress

	2023/2024 Kshs '000	2022/2023 Kshs '000
Datawarehouse and Business Intelligence	557,289	557,290
CBM Rehabilitation of Border Stations	516,901	512,084
Integrated Customs Management System	632,152	587,785
e-TIMS Implementation	183,394	183,394
ICT Security Tools	157,521	157,521
ITSM Tools	8,873	8,873
Case Management System	3,638	3,638
Ushuru Towers Fit Out Phase II	102,433	102,433
Old Data Centre Refurbishment (Times Tower)	489,229	389,266
Scanner Networking & Command Centre	438,440	438,440
Rehabilitation of Kilindini Infrastructure	300,916	296,669
Laboratory (Southern Region)	2,374	2,374
KESRA Renovation	36,619	26,507
IT Infrastructure Upgrade	19,639	18,352
Construction of Rapid Response Unit Offices	306,657	-
TOTAL	3,756,075	3,284,626

9. INTANGIBLE ASSETS

		2023/2024		2022/2023
		Kshs '000		Kshs '000
COST				
1 July		3,619,510		3,619,510
Additions		-		-
30 June		3,619,510		3,619,510
AMORTISATION				
1 July		3,499,301		3,393,783
for the year		100,157		105,518
30 June		3,599,458		3,499,301
NET BOOK VALUE				
30 June		20,052		120,209

The intangible assets are made up of different IT software in use by the Authority. Included in the Intangible Assets are fully amortised assets whose original cost was Kshs.3,495,638,313.

10. RECEIVABLES

		2023/2024		2022/2023
		Kshs '000		Kshs '000
Trade Debtors				
Other Agency debtors		472,951		456,700
Rent Receivable		73,314		73,248
<i>Less: Provision for Doubtful Debt</i>		<i>(73,232)</i>		<i>(73,232)</i>
Interest Receivable		20,701		7,532
		493,734		464,248
Other Debtors				
Staff Debtors		267,693		161,938
<i>Less: Provision for Doubtful Debt</i>		<i>(2,391)</i>		-
Prepayments		57,653		27,605
Other Debtors		12,358		15,735
		335,313		205,278
Debtors Total		829,047		669,526

Other agency debtors represent outstanding commission on collection of revenues on behalf of other organisations. Staff debtors mainly comprise of outstanding travel imprests, loans for acquisition of laptops and medical advances.

The increase in prepayment is attributable to advance payments for the development of Rapid Response Unit offices.

The provision for doubtful debt relates to rent receivables from premises in Wilson Airport and Forodha house and amounts owed by former staff members who have since left the Authority, the collectability of the amounts is uncertain.

The Authority earned a commission of Kshs. 447 Million for collection and remittances of Nairobi City County Government (NCCG) revenue collections in the period November 2022 to August 2024. The Authority is engaging the NCCG in order to collect the commission which accrued outside the contracted period and the amount yet to be recognised as a receivable.

Following vandalism and malicious damage of KRA property during the May 2024 political riots, the Authority lodged a claim of Kshs. 12.3 Million with the insurance company for the affected assets. The claim has not been recognised in the receivables.

11. AMOUNT DUE FROM TREASURY

		2023/2024		2022/2023
		Kshs '000		Kshs '000
1 July		13,890,340		8,890,340
Accrued in the year		32,293,064		26,177,266
Amount received in the year		<i>(28,811,566)</i>		<i>(21,177,266)</i>
30 June		17,371,838		13,890,340

The amount represents funding allocation / commitments by the National Treasury in the financial year, which has not been fully disbursed. An amount of Kshs. 1,090 Million for FY 2-23/2024 was subsequently received in July, 2024.

12. SECURITY DEPOSITS

		2023/2024		2022/2023
		Kshs '000		Kshs '000
Savings & Loan (k) Ltd		2,135,738		2,122,444
Housing Finance		737,789		709,927
National Bank of Kenya Ltd		257,390		221,099
Higher Educations Loans Board (HELB)		25,000		25,000
		3,155,916		3,078,470

The deposits with Savings & Loans, National Bank and Housing Finance are placed as security against staff mortgage advances and car loans (National Bank – Kshs. 178 Million). Deposits with HELB are placements against college fees issued to staff for further studies.

13. CASH AND BANK BALANCES

		2023/2024		2022/2023
		Kshs '000		Kshs '000
Cash in Hand		2,144		1,809
Cash at Bank		743,165		998,547
Fixed Deposits		2,283,424		1,574,509
		3,028,733		2,574,865

The fixed deposits are made up of one month deposits in the commercial banks shown below. The maturity period for the deposits is between July and August 2024. The funds are fully committed against creditors (note 15), ongoing commitments (note 21) and various funds held by the Authority at the end of the financial year.

The analysis of Cash in Hand is as below;

Cash in Hand

		2023/2024		2022/2023
		Kshs '000		Kshs '000
Station				
Nairobi		500		500
Mombasa		200		200
Machakos		40		40
Thika		50		40
Nyeri		50		12
Kisumu		200		200
Namanga		50		50
Nakuru		200		88
Eldoret		200		95
Embu		60		60
Garissa		40		40
KESRA NBI		300		271
KESRA MSA		150		150
JKIA		64		64
Meru		40		
		2,144		1,809

The analysis of Cash at Bank is as below;

Cash at Bank

<u>Station</u>	<u>Account No.</u>	<u>Bank</u>	2023/2024 Kshs '000	2022/2023 Kshs '000
Nairobi Main Account	01023015000000	National Bank of Kenya	379,085	382,300
Nairobi Dollar Account	002023015000800	National Bank of Kenya	48,937	58,940
Excise Stamps Account	01023121375100	National Bank of Kenya	213,481	323,572
KRA East African Regional Transport Account	01020014867900	National Bank of Kenya	51,181	63,738
Horn of Africa Gateway Development Project	01071233555600	National Bank of Kenya	13,728	115,454
Kenya School of Revenue Administration Account - Nairobi	01023015000900	National Bank of Kenya	8,309	22,715
Kenya School of Revenue Administration Dollar Account	02020015000900	National Bank of Kenya	12,130	11,565
Kenya School of Revenue Administration Account - Mombasa	01071015000900	National Bank of Kenya	8	51
Kenya School of Revenue Administration Account - Nairobi	01136743362900	COOP Bank	2,574	1,939
Mombasa Account	0100157035200	National Bank of Kenya	5,029	8,091
Nyeri Account	01001043153000	National Bank of Kenya	789	1,125
Kisumu Account	01023024672900	National Bank of Kenya	3,829	2,756
Nakuru Account	01001020365300	National Bank of Kenya	1,078	784
Eldoret Account	01023028526700	National Bank of Kenya	1,032	2,922
Embu Account	01023068681400	National Bank of Kenya	1,382	1,895
Thika Account	01023076219300	National Bank of Kenya	260	163
JKIA Account	01003058936400	National Bank of Kenya	119	32
Machakos Account	01023078537500	National Bank of Kenya	32	99
Garissa Account	01001079045300	National Bank of Kenya	109	377
Namanga Account	1112179674	Kenya Commercial Bank	1	14
Meru Account	01023040511600	National Bank of Kenya	72	15
			743,165	998,547

Fixed Deposits

	2023/2024 Kshs '000	2022/2023 Kshs '000
National Bank of Kenya	355,449	600,000
Cooperative Bank of Kenya	900,000	-
Kenya Commercial Bank	651,851	500,000
KESRA - Cooperative Bank of Kenya	376,124	474,509
	2,283,425	1,574,509

14. STOCKS

	2023/2024 Kshs '000	2022/2023 Kshs '000
General Stationery	40,641	41,826
Printed Stores Inventory	3,663	3,298
Computer Consumable Inventory	28,316	27,641
Miscellaneous Stores Inventory	10,189	9,726
	82,810	82,491

15. PAYABLES**A. Trade creditors and Payables**

		2023/2024	2022/2023
		Kshs '000	Kshs '000
Trade Creditors and Accounts Payable		6,815,397	3,243,150
Payroll Deduction and Staff Creditors		179,105	110,352
Taxes		127,489	89,788
		7,121,991	3,443,290

Trade creditors and accounts payables represent the outstanding payments to suppliers and other parties, Payroll deductions include outstanding amounts for statutory deductions, loans, SACCOS contributions and others. Staff creditors comprise of outstanding payments due to staff and funds for staff welfare associations.

B. Excise Stamps Liability

		2023/2024	2022/2023
		Kshs '000	Kshs '000
Balance B/F		4,793,736	3,806,510
Payable for supply of Excise Stamps		-	817,044
Total Receipts		4,198,084	3,298,738
Total Payments		(5,366,111)	(3,128,556)
Balance C/F		3,625,708	4,793,736
Grand Total Payables		10,747,699	8,237,026

Excise Stamps are supplied on a cost recovery model. The payable for the supply of the stamps is attributable to the disproportionate pricing model for the non-alcoholic beverages, which are priced below the cost of stamps, the depreciation of the Kenya Shilling against the Euro and the disproportionate volume mix between non-alcoholic and alcoholic beverages.

In order to mitigate the accumulation of further debt, the Authority has negotiated with the supplier on a revised pricing model and settlement of bills in local currency. Further, KRA has initiated the process of handing over the Excisable Goods Management System (EGMS) to KRA which would significantly reduce the price of the stamps and hence stop accumulation of further debt.

The Authority appealed to the National Treasury for the provision of funds to settle the debt and an allocation of Kshs. 2 Billion was provided in the Financial Year 2022/2023 Supplementary Budget with a further commitment to provide Kshs. 2.47 Billion in Financial Year 2023/2024 the Medium Term. The amounts have not been disbursed and the Authority is following up with the National Treasury for the settlement.

16. LEAVE PAY, CONTRACT GRATUITY & STAFF PROVISIONS

		2023/2024	2022/2023
		Kshs '000	Kshs '000
Provision for staff leave		479,213	581,469
Provision for Gratuity		1,216,715	1,123,188
Provision for Staff on Suspension		350,265	417,590
Provision for Severance Pay		131,882	146,467
		2,178,075	2,268,714

Leave pay provision is in respect of leave days earned by staff members but not taken as at 30th June 2024. Contract gratuity provision is in respect of gratuity accrued for staff on contract terms for the period to 30th June 2024. Provision for staff on suspension relates to unpaid accrued salaries and allowances for staff members who are on suspension. Provision for Severance Pay is for the Fixed Term Contract staff. The decrease in provision for severance pay is due to payment to staff who were converted to permanent and pensionable terms.

17. CONTRIBUTION TO GOVERNMENT PENSION FUND

		2023/2024	2022/2023
		Kshs '000	Kshs '000
1 July		6,705	6,705
Paid		(6,705)	-
30 June		-	6,705

The amount related to contributions made to the Government pension during the nine-month secondment period from October 1995 to June 1996 for pensionable staff who were transferred from the Treasury to the Authority. The amount total amount has been transferred to the Treasury to facilitate payment of the pension.

18. DESIGNATED FUNDS

		2023/2024		2022/2023
		Kshs '000		Kshs '000
1 July		91,627		126,723
Funds Received				3,692
Expenses		(33,470)		(38,788)
30 June		58,157		91,627

The legal claim funds are received from the Treasury for settling legal awards against the Authority in revenue related court cases.

19. CAPITAL / DEVELOPMENT GRANTS AND OTHER FUNDS

A. By The National Treasury

		2023/2024		2022/2023
		Kshs '000		Kshs '000
1 July		19,316,844		19,316,844
Contribution in the Year				
ERP system for Support Services		30,000		-
Cordinated Border Management Project		30,000		-
Data Centre Project		17,390		-
		77,390		-
30th June		19,394,234		19,316,844

The amounts represent assets and funds provided by the Treasury. The Treasury separately funds the major reform and modernization programmes undertaken by the Authority in all departments for revenue enhancement and efficient service delivery.

B. Other Funds

		2023/2024		2022/2023
		Kshs '000		Kshs '000
Balance B/D		2,286,457		2,286,457
Penalties from Access Bank for delayed Transfers		91,049		-
Land		52,300		-
		2,429,806		2,286,457
Grand Total		21,824,040		21,603,301

In the Financial Year 2023/2024, the Authority received a total of Kshs. 91,048,745 from Access Bank being payment for penalties incurred due to delayed transfers of revenue taxes to the KRA collection accounts at Central Bank of Kenya (CBK). The Authority also received 4 parcels of Land donated by Turkana County Government.

20. RETIREMENT BENEFIT COSTS

During the year ended 30th June 2024, Kshs. 2,002 Million (2023 Kshs. 2,050 Million) was paid as contributions to the staff pensions scheme. The scheme changed from a defined benefit plan to a Defined Contribution Scheme with a defined benefit section and a defined contribution section with effect from 1 July 2005. Under the defined benefit scheme, the employer contribution on actuarial advice was maintained at 13.2% per member while a rate of 14% was adopted for the defined contribution scheme. Employees contribute 7.5% of their salaries for both sections of the scheme. The value of Net Assets available for benefits was Kshs. 28,723 Million as at 30th June 2024 as per the scheme's Financial Statements.

21. CAPITAL COMMITMENTS

		2023/2024		2022/2023
		Kshs '000		Kshs '000
Approved and contracted		1,289,004		1,309,447
Approved and not contracted		2,836,951		1,354,153
		4,125,955		2,663,600

22. RECURRENT COMMITMENTS

		2023/2024		2022/2023	
		Kshs '000		Kshs '000	
30 June		2,148,587		1,673,512	

The above represents items and activities approved and contracted but not yet delivered.

23. EMPLOYEES

The number of employees at the end of the year was;

		June 2024		June 2023	
Executive Contract Staff		184		187	
Permanent & Pensionable		7,567		7,205	
Fixed Term Contract Staff		1,821		2,528	
		9,572		9,920	

24. DEFERRED GRANT INCOME RECONCILIATION

These relate to grants from the World Bank and other Donors under the Government of Kenya for projects to facilitate efficient and effective collection of taxes.

Deferred grant income reconciliation

		2023/2024		2022/2023	
		Kshs '000		Kshs '000	
At 1 July		1,117,198		1,356,025	
EARTTFP Funds		207,039		139,540	
Horn of Africa Funds		29,652		12,700	
Motor Vehicles		63,874		3,075	
Office Equipment (Furniture)		56,550		-	
Computers & Laptops		13,640		-	
Scanners		37,735		-	
Work In Progress - RRU Constructions		15,111		-	
Additions in the Year		423,601		155,315	
Amortisation		(500,888)		(394,142)	
At 30 June		1,039,911		1,117,198	
Grant income to be amortised within one year		500,888		394,142	
At the end of the period		539,023		723,056	

The amounts represent assets and funds provided by Donors both directly or through the National Treasury towards reform and modernization programmes undertaken by the Authority in all departments for revenue enhancement and efficient service delivery.

Donor Funded Projects								
FINANCIAL YEAR	ASSET DESCRIPTION	DONOR	COST	BAL AS AT 30th JUNE 2023	Additions in FY 2023/2024	Additional Inflow 2023/2024	Charge - 2023/2024	BAL AS AT 30th JUNE 2024
2015/2016	3 Scanners	China Gvt	1,224,773	153,097		-	153,097	(0)
2017/2018	10 CT Baggage Scanners	China Gvt	1,175,008	293,732		-	141,500	152,232
2023/2024	EARTTFP Funding (Travel & Accommodation)	World Bank	551,369	63,599		207,039	219,596	51,043
2023/2024	Horn of Africa Funding	World Bank	159,060	115,454		29,652	131,378	13,728
2020/2021	Kilindini Port ICT Infrastructure (WAN)	World Bank	224,944	201,694		-	52,057	149,637
2021/2022	9 VEHICLES EARTTFP	World Bank	71,793	59,575		-	11,631	47,944
2020/2021	3 Motor Vehicles	JICA	30,990	19,834		-	3,784	16,050
2020/2021	1 Patrol Boat	JICA	9,554	7,166		-	7,166	-
2021/2022	2 VEHICLES BY JICA	JICA	6,375	6,184		-	1,148	5,037
2021/2022	4 Hand Held Scanners	US Embassy	26,000	25,458		-	2,350	23,108

Donor Funded Projects								
FINANCIAL YEAR	ASSET DESCRIPTION	DONOR	COST	BAL AS AT 30th JUNE 2023	Additions in FY 2023/2024	Additional Inflow 2023/2024	Charge - 2023/2024	BAL AS AT 30th JUNE 2024
2021/2022	Baggage Scanner UNOPS	UN	10,381	10,165		-	1,175	8,990
2021/2022	1 Mobile Cargo Scanner	China Gvt	136,299	133,459		-	13,825	119,634
2022/2023	M/vehicle - KCA 768Z	Swedish T. A	3,500	3,080		-	235	2,845
2022/2023	M/vehicle - KDK 159P	UNDOC	9,200	8,648		-	1,620	7,028
2022/2023	Virtual Reality Training Centers	WTO	4,334	4,199		-	525	3,674
2022/2023	Hyster Forklift	World Bank	13,367	11,855		-	2,042	9,813
2023/2024	7 Motor Vehicles	(HOAGDP)	94,096	-	94,096	-	1,411	92,684
2023/2024	RRU Offices (EARTTDFP)	World Bank	87,481	-	87,481	-	-	87,481
2023/2024	RRU Offices (EARTTDFP)	World Bank	143,193	-		143,193	-	143,193
2023/2024	2 Walk-through Scanners	World Bank	2,772	-		2,772	347	2,426
2023/2024	6 Cargo Inspection Kit	World Bank	22,825	-		22,825	2,853	19,972
2023/2024	2 Portable Handheld Scanner	World Bank	18,887	-		18,887	2,361	16,526
2023/2024	Computers & Laptops	World Bank	13,640	-	13,640	-	3,322	10,318
2023/2024	RRU - Furniture & Fittings	World Bank	56,550	-	56,550	-	-	56,550
	TOTAL		6,428,699	1,117,199	251,767	424,368	753,422	1,039,912
<i>Less: Capital Expenditure</i>							(251,767)	
<i>Less: VAT paid - receipts</i>							(766)	
Charge for the year							500,888	

25. PRIOR PERIOD ADJUSTMENT

The prior year adjustments relate to post audit adjustments for the Financial Period 2022/2023 and in compliance with IPSAS 3 sub section 48-54. The adjustments were;

A. Payables	Kshs '000
As previously reported	8,196,980
Restatements:	
Recognition of Additional Fringe Benefit tax	40,046
As restated	8,237,026

The additional Fringe Benefit Tax relates to recomputed and un-remitted amounts in financial years 2021/2022 and 2022/2023.

The effects of the prior period adjustments to the financial statements is a follows;

Statement of Financial Performance

	2022/2023		2022/2023
	As Previously Reported Kshs'000	Increase / Decrease	Restated Kshs'000
REVENUE			
Revenue from non- exchange transactions			
Deferred grant income amortisation	394,142	-	394,142
Agency Income	26,177,266	-	26,177,266
Revenue from exchange transactions			
Commissions Income	2,761,311	-	2,761,311
Interest Income	243,686	-	243,686
Other Income	439,662	-	439,662
TOTAL REVENUE	30,016,067	-	30,016,067

EXPENDITURE			
Administrative Expenses	29,509,048	(14,092)	29,523,140
Operating Expenses	1,709,513	-	1,709,513
Maintenance Expenses	1,295,864	-	1,295,864
TOTAL EXPENDITURE	32,514,425	(14,092)	32,528,517
Other gains/(losses)			
Gain / (Loss) on sale of assets	9,808	-	9,808
SURPLUS / (DEFICIT) FOR THE YEAR	(2,488,550)	14,092	(2,502,642)

Statement of Financial Position

	2022/2023 As Previously Reported Kshs'000	Increase/Decrease	2022/2023 Restated Kshs'000
Assets			
Current Assets			
Cash and Bank Balances	2,574,865	-	2,574,865
Stocks	82,491	-	82,491
Receivables	669,526	-	669,526
	3,326,882		3,326,882
Non-Current Assets			
Property, Plant & Equipment	30,269,179	-	30,269,179
Intangible Assets	120,209	-	120,209
Amount due from Treasury	13,890,340	-	13,890,340
Security Deposits	3,078,470	-	3,078,470
	42,887,633		47,358,198
Total Assets	46,214,515		50,685,080
Liabilities			
Current Liabilities			
Payables	8,196,980	(40,046)	8,237,026
Leave Pay and Gratuity Provision	2,268,714	-	2,268,714
Deferred Income Amortisation	394,142	-	394,142
	6,389,271		10,899,882
Non Current Liabilities			
Contribution to Government Pension Fund	6,705	-	6,705
Deferred Grants Income	723,056	-	723,056
Designated Fund	91,627	-	91,627
	98,332		821,388
Total Liabilities	6,487,603		11,721,270
Net Assets	39,726,912		38,963,810
Capital grants by the Treasury	21,603,301	-	21,603,301
Accumulated Fund	1,322,051	40,046	1,282,005
Revaluation Reserve	16,078,504	-	16,078,504
	39,726,912		38,963,810

26. RELATED PARTIES**Nature of Related Party Relationships**

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of Kenya Revenue Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include;

- i) The National Treasury
- ii) Key Management
- iii) Board of Directors

During the year, the following transactions were carried out with related parties as analysed as follows:-

(a) Transaction**i) Government of Kenya**

		2023/2024		2022/2023	
		Kshs '000		Kshs '000	
Capital Grants		77,390		61,195	
Agency Income		32,293,063		26,177,266	
		32,370,453		29,278,047	

ii) Key management compensation

		2023/2024		2022/2023	
		Kshs '000		Kshs '000	
Salaries and other short - term employment benefits		156,976		184,533	
		156,976		184,533	

iii) Directors' remuneration

		2023/2024		2022/2023	
		Kshs '000		Kshs '000	
Fees and other Emoluments (note 5)		32,610		30,255	
		32,610		30,255	

(b) Balances**Due (to)/from related parties**

		2023/2024		2022/2023	
		Kshs '000		Kshs '000	
Amount due from Treasury (note 11)		17,371,838		9,419,775	
Contribution to Government pension fund (note 17)		-		6,705	
		17,371,838		9,426,480	

27. FINANCIAL RISK & CAPITAL MANAGEMENT

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The Authority's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as agency and other receivables.

The carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to credit risk is made up as follows:

	Fully Performing	Past Due	Impaired		
	Kshs 000	Kshs 000	Kshs 000		
At 30 June 2024					
Receivables	829,047	-	-		
Security Deposits	3,155,916	-	-		
Bank Balances	3,028,733	-	-		
At 30 June 2023					
Receivables	669,526	-	-		
Security Deposits	3,078,470				
Bank Balances	2,574,865	-	-		

The credit risk associated with these receivables is minimal hence no allowance for uncollectible amounts has been recognised in the financial statements.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At 30 June 2024				
Trade payables		8,441,595		
Provisions			2,306,104	
Contribution to Govt. Pension Fund				
Total		8,441,595	2,306,104	10,747,699
At 30 June 2023				
Trade payables	243,629	1,566,678	4,503,906	6,314,213
Provisions			1,916,108	1,916,108
Contribution to Govt. Pension Fund			6,705	6,705
Total	243,629	1,566,678	6,426,719	8,237,026

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit Committee.

The Authority's Corporate Risk Department is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

(a) Foreign currency risk

The Authority has transactional currency exposures. Such exposure arises from foreign denominated bank balances.

The carrying amount of the Authority's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		2023/2024		2022/2023	
		Kshs '000		Kshs '000	
KRA US Dollar Account (NBK)		48,936		58,940	
KESRA US Dollar Account (NBK)		12,129		11,656	
		61,065		70,596	
Liabilities / Payables		-		-	
Net Foreign currency liability		61,065		70,596	

(b) *Interest rate risk*

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The Authority's interest rate risk arises from fixed and security deposits. This exposes the Authority to cash flow interest rate risk.

(c) *Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

(d) *Sensitivity analysis*

The Authority analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by five percentage (5% as a decrease/increase).

(e) *Price risk*

The Authority does not hold investments that would be subject to price risk; hence this risk not relevant.

28. CONTINGENT LIABILITIES

These include:-

- Pending cases arising from Revenue and staff related matters. 33 undetermined cases have a specified claim amounting to Kshs 11,129 million while 9 cases have no specified quantum and will be determined by the Court after hearing. 6 cases amounting to Kshs 15 million have been concluded against the Authority and the National Treasury has been engaged to provide funds for settling the awards as they materialize.

No.	Nature of case	Cases	
		<i>Number</i>	<i>Amount (Kshs. 000)</i>
1	Concluded	6	26,580
2	Ongoing (Quantified)	33	11,128,645
3	Ongoing (Un-quantified)	9	-
	Total	50	11,155,225
	Outstanding Fee Notes	12	32,275
			11,187,500

29. COMPARATIVES

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year.

APPENDIX I: INTER-ENTITY TRANSFERS

KENYA REVENUE AUTHORITY			
Break down of Transfers from the National Treasury			
Disbursement Month	Bank Statement Date	Amount	Financial Period Funds Relate to
July 2023	16.08.2023	2,067,630,459.08	FY 2023/2024
August 2023	13.09.2023	2,067,630,459.08	FY 2023/2024
September 2023	02.10.2023	2,067,630,459.08	FY 2023/2024
October 2023	31.10.2023	2,067,630,459.08	FY 2023/2024
November 2023	31.11.2023	2,067,630,459.08	FY 2023/2024
December 2023	27.12.2023	2,067,630,459.08	FY 2023/2024
January 2024	30.01.2024	2,067,630,459.08	FY 2023/2024
February 2024	05.03.2024	2,067,630,459.08	FY 2023/2024
Additional Funding	14.03.2024	1,000,000,000.00	FY 2023/2024
	15.03.2024	1,000,000,000.00	FY 2023/2024

KENYA REVENUE AUTHORITY			
Break down of Transfers from the National Treasury			
Disbursement Month	Bank Statement Date	Amount	Financial Period Funds Relate to
March 2024	04.04.2024	2,067,630,459.08	FY 2023/2024
April 2024	24.04.2024	2,000,000,000.00	FY 2023/2024
April 2024	30.04.2024	2,067,630,459.08	FY 2023/2024
May 2024	04.06.2024	2,067,630,459.08	FY 2023/2024
June 2024	28.06.2024	2,067,630,459.08	FY 2023/2024
Total		28,811,565,508.96	

Development Grants

	Bank Statement Date	Amount	Financial Period Funds Relate to
Q1 & Q2	25.08.2024	48,695,000.00	FY 2023/2024
Q3 & Q4	04.04.2024	8,695,000.00	FY 2023/2024
Q3 & Q4	19.06.2024	20,000,000.00	FY 2023/2024
Total		77,390,000.00	

Grand Total**28,888,955,508.96**

CPA JOSEPHAT OMONDI
Head of Finance

HUMPHREY WATTANGA
Commissioner General.

APPENDIX II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received			Where Recorded/recognized				
	as per bank statement	Nature: Recurrent/ Development	Total Amount – KES('000)	Statement of Financial Performance	Capital Fund	Total Transfers during the Year	Receivables	Total
The National Treasury	Various Dates as per App. 2	Recurrent	28,811,565	28,811,565		28,811,565	-	28,811,565
The National Treasury	Various Dates as per App. 2	Development	77,390	-	77,390	77,390	-	77,390
Total			28,888,956	28,811,565	77,390	28,888,956	-	28,888,956

APPENDIX III: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
Land Without Title Documents	<p>The statement of financial position reflects a balance of Kshs.30,269,179,000 under property, plant and equipment which, as disclosed in Note 8(ii) to the financial statements, includes seven (7) parcels of leasehold land with a total measurement of 6.7071 hectares and which the Authority is yet to receive ownership documents. The properties, with a net book value of Kshs.270,828,846, are said to be at various stages of registration with the National Land Commission and the Ministry of Lands and Physical Planning even though the issue of ownership documents has been outstanding for a long period of time.</p> <p>Further, the Authority was allocated five (5) parcels of land in Hulugho, Amuma, Gerille, Elwak, and Diffu which have been gazetted as border entry points. The Authority was also allocated three (3) parcels of land at Kainuk, Kakuma, and Lodwar by the County Government of Turkana for regional cargo monitoring gazetted as regional cargo monitoring stations.</p> <p>The eight (8) parcels of land had not been valued and are therefore excluded from the property, plant and equipment balance of Kshs.30,269,179,000. Except for the parcels of land in Turkana County which have received letters of reservation from the National Land Commission, the other five (5) parcels of land are yet to receive allotment letters. As a result, it was not possible to ascertain whether all the above properties and improvements thereon belong to the Authority.</p> <p>In the circumstances, ownership of the parcels of land with a net book balance of Kshs.270,828,846 as at 30 June, 2023 could not be confirmed.</p>	<p>The Authority received ownership documents for Four (4) properties that is Namanga, Kainuk, Kakuma and Lodwar which were gazetted on 29th September 2023. Two (2) properties Elwak And Diffu were gazetted in June 2024. The Land registration Act Section 105 (2) recognises letters of reservation as land ownership documents. Additionally, The Authority also received the letter of allotment for one (1) property-Kilifi.</p>	Not Resolved	Ongoing
Long Outstanding Payables	<p>As reported in the previous year, the statement of financial position reflects a balance of Kshs.8,196,980,000 under payables which, as disclosed in Note 15 to the financial statements, includes an amount of Kshs.3,203,104,000 relating to trade creditors and accounts payables. The latter balance includes an amount of Kshs.1,207,621,581 for local creditors out of which an amount of Kshs.60,641,507 has been outstanding for more than three hundred and sixty (360) days. The balance of Kshs.60,641,507 relates to amounts invoiced by the Administration Police for guarding KRA premises for the period July, 2016, to January, 2018 before gazettement of the Authority as a protected area vide Legal Notice No.96 of 17 April, 2019. However, records maintained by the State Department for Interior and Citizen Services reflects that the bill has accumulated to Kshs.418,004,000 as at 30 June, 2023. Although, Management has indicated that a request to the Inspector General of the National Police Service was done for waiver and exemption from the payment, a resolution is yet to be made on the matter.</p>	<p>The Authority has been seeking exemption from the requirement to pay AIA via appeals to the Ministry of Interior and National Administration, the National Treasury and Economic Planning and through negotiations with the Administration Police Service for waiver of the accrued bill in addition to exemption from payment of the same. The waiver and exemption is however yet to be granted. The pending bill currently stands at Kshs. 495,019,000.00 as at 30th June 2024 and continues to accrue. The Authority's grounds for not paying are:</p> <ol style="list-style-type: none"> The Authority has perennially faced significant budgetary challenges due to underfunding by the National Treasury and is unable to pay the AIA. The Authority's premises and facilities have been gazetted as protected areas under the Protected Areas Act (Cap 204), and are part of the critical Government installations. Security of Government Buildings (SGB) unit of AP has the mandate of securing all Government Buildings and premises considered to be critical Government installations which includes KRA Premises. The position of the Authority is that the provisions relating to payment for AIA is limited to the private use of police officers (National Police Service Act Sec. 104) hence does not apply to the Authority which requires the services in the discharge of its functions. 	Not Resolved	Ongoing

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:										
		Further Action taken; The Authority’s Management held a meeting with the APS Senior Management on 7 th March 2024 and deliberated comprehensively on the matter. The parties discussed the waiver option and agreed that since the APS lacked legal powers to waive the debt, there be held a tripartite meeting comprising of the APS, KRA and the National Treasury. The National Treasury would be required to guide on the waiver process. Subsequently a tripartite meeting was held on 10 th July 2024 between KRA, APS and the National Treasury. The National Treasury representative requested for time to consult further and review the submissions especially the Protected Areas Act, Cap 204, plus the Legal Notice No. 96 dated 17 th April 2019 that gazetted KRA areas, places and premises as protected areas, before providing advice on the matter. The representative was subsequently provided with all the relevant documents and correspondences relating to the matter. He agreed to review and call for a meeting when ready to guide on the matter.												
Long Outstanding Receivables	The statement of financial position reflects a receivables balance of Kshs.669,526,000 as disclosed in Note 10 to the financial statements which includes an amount of Kshs.326,372,846 due from the County Executive of Nairobi City. The amount relates to revenue collection services offered by the Authority to the County Government which has accumulated since year 2020 as detailed below;		Not Resolved	Ongoing										
	<table><tr><th>Year</th><th>Amount (Kshs.)</th></tr><tr><td>2020</td><td>78,055</td></tr><tr><td>2021</td><td>110,395,901</td></tr><tr><td>2022</td><td>215,898,890</td></tr><tr><td>Total</td><td>326,372,846</td></tr></table>	Year	Amount (Kshs.)	2020	78,055	2021	110,395,901	2022	215,898,890	Total	326,372,846	The Authority continues to pursue the Nairobi City County Government for payment of the outstanding amount. Follow up have been made through meetings and formally through letters (A copy of a letter dated 27 th October, 2023 is attached) but no payment has been received.		
Year	Amount (Kshs.)													
2020	78,055													
2021	110,395,901													
2022	215,898,890													
Total	326,372,846													
	Review of correspondences between the Authority and the County Executive revealed that Management has made several demands for the outstanding amount and the County Executive of Nairobi City has acknowledged the debt. However, the amount has not been recognized as a payable in the financial statements of the County Executive of Nairobi City. In the circumstances, recoverability of the outstanding receivables totalling Kshs.326,372,846 could not be confirmed.	Management will propose adjustment of the amount as a doubtful debt in the Financial Statements for the year ended 30 th June, 2024.												
Material Uncertainty Related to Sustainability of Services	The statement of financial position reflects current assets and current liabilities balance of Kshs.3,326,882,000 and Kshs.10,859,836,000 respectively, resulting to a negative working capital of Kshs.7,532,954,000. Further, the Authority recorded a deficit of Kshs.2,488,550,000 for the year under review. Management has indicated that the negative working capital was as a result of non-disbursement of funds by The National Treasury. Although The National Treasury has committed to providing additional funding to the Authority during the 2023/2024 financial year, delayed and non-	The National Treasury allocated additional funding for FY 2023/2024 of Kshs. 9.1 Billion out of which Kshs. 5 Billion had been disbursed by July 2024. Disbursement of all the amounts due from the National Treasury (including for past years) are been followed up. The Authority also continues to petition the National Treasury for adequate funding to cover operational needs (Refer to attached letters). Several proposals have been made to peg KRA funding in law (KRA Act) at 2% of the revenue target. This	Not Resolved	Ongoing										

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	disbursement of funds may adversely affect the performance of the Authority. In the circumstances, the existence of material uncertainty casts doubt on the Authority's ability to continue to sustain its services and to meet its obligations as and when they fall due.	long term solution is still been pursued.		
Basis for Conclusion				
1. Anomalies in Excise Goods Management Systems (EGMS)	<p>The statement of financial position reflects payables balance of Kshs.8,196,980,000 which, as disclosed in Note 15 to the financial statements includes an amount of Kshs.4,793,736,000 due to a supplier of excise stamps. Contract documents indicate that in 2015, KRA entered into a contract agreement with an international company for the printing, supply and delivery of security revenue stamps complete with track and trace and integrated production accounting system. The terms of the contract was based on a time factor subject to achievement of certain milestones including reaching the maximum number of 12,876,633,889 stamps or the contract period of 5 years whichever came earlier.</p> <p>On 4 May, 2021, an Addendum to the Agreement was signed for the terms of handing over the system to KRA upon expiry of the contract period of 2015. The Addendum also required the two parties to enter into a maintenance contract after the expiry of the 2015 contract. A second Addendum was signed on 23 December, 2022 increasing the maximum number of stamps to be supplied under the contract by 15% in order to provide time for handover, reduce the unit price and change the contract currency from the Euro to Kenya Shillings.</p> <p>As at 30 June, 2023, the debt owed to the Company stood at Kshs.4,793,736,000 and Management attributed the accumulation of the debt to the disproportionate pricing model for the non-alcoholic beverages, which were priced below the cost of stamps, the depreciation of the Kenya shilling against the Euro and the disproportionate volume mix between non-alcoholic and alcoholic beverages. However, review of records relating to the contract revealed the following issues which have not been addressed:</p> <p>Although the contract expired in July, 2022, no evidence was provided for audit to confirm that the handing over process had started. Further, the Addendum to the expired contract was silent on whether the handover included both the software and equipment used. In addition, Management had indicated that the process of sourcing for a new supplier was ongoing but it was not clear whether the assets which would be handed over would be compatible with another suppliers' software.</p> <p>Although, Management has indicated that the Authority is following up with The National Treasury on disbursement of funds to clear the outstanding amounts and that the pending bill has been submitted to the pending bills verification committee for verification, the progress made in this regard has not been disclosed.</p> <p>In the circumstances, it was not possible to ascertain when the handover of the EGMS will be done.</p> <p>The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.</p>	<p>Status of an Excisable Goods Management System (EGMS) as at 22nd July 2024</p> <p>The status of the Excisable Goods Management System is as follows:</p> <p>The handover discussions have been conducted however the process is yet to be concluded because SICPA indicated that the handover would be contingent on settlement of the debt owed to them. (See progress report on hand over of the EGMS)</p> <p>The Procurement of the New Excisable Goods Management System was therefore put on hold following a circular dated 6th March, 2024 issued by the Ministry of Interior of National Administration proposed adoption of digital KEBS/KRA stamps for all alcohol and alcohol based products and withdrawal of Physical Stamps.</p> <p>KRA vide a letter dated 15th May, 2024 sited challenges that implementation of the directive would face and recommended adoption of digital Stamps for beer products except for Kegged beer and maintain Paper Stamps Solution for Spirituous Beverages.</p> <p>The CS, Ministry of Interior vide letter dated 23rd May, 2024 recommended initiation of a multiagency meeting to deliberation on the matter and recommend an appropriate way forward.</p> <p>KRA is in consultation with the National Treasury of Kenya seeking the way forward on the directive from the Ministry of Interior and National Administration to facilitate progression of the tender.</p> <p>The Authority appealed to the National Treasury for the provision of funds to settle the debt and an allocation of Kshs. 2 Billion was provided in the Financial Year 2022/2023 Supplementary Budget with a further commitment to provide Kshs. 2.47 Billion in Financial Year 2023/2024 the Medium Term, however the amounts were not disbursed.</p> <p>The Authority prioritized a payment Kshs. 1 Billion from the additional allocation in FY 2023/2024.</p> <p>The Authority has engaged the national Treasury as per letters attached on the disbursement of balance the committed amounts to settle the debt.</p>	Not Resolved	Ongoing

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
2. Internal Controls Weaknesses in the E-Recruitment System	<p>During the year under review, KRA requested The National Treasury and the Public Service Commission for authority to recruit one thousand, five hundred (1,500) Revenue Service Assistants (RSAs). Approval by The National Treasury and Public Service Commission were granted and the Authority proceeded to recruit one thousand, four hundred and six (1,406) RSAs who were required to have a minimum grade of D+ and aged below thirty-five (35) years. However, review of the recruitment process revealed the following anomalies;</p> <ul style="list-style-type: none"> Sixty-nine (69) applicants with grades below D+ participated in aptitude Test I while thirty (30) applicants with grades below D+ also participated in aptitude Test II. This casts doubts on whether submitted applications were screened before inviting the candidates to participate in the aptitude tests. Analysis of the raw data list comprising of one hundred and twenty-seven thousand, one hundred and seventeen (127,117) applicants revealed that there were three thousand, five hundred and ninety-two (3,592) unique records which were duplicated thereby overstating the number of applicants by three thousand, five hundred and ninety-two (3,592). The correct number of applicants was therefore, one hundred and twenty-three thousand, five hundred and twenty-five (123,525) applicants. The system allowed candidates with incomplete input data to successfully submit their applications. Cases were noted where Identity Numbers keyed in the system contained characters as opposed to numerical numbers, identity numbers were not keyed in during applications, and in some cases the applicants were sharing same identity numbers. Although, disclosure of age of the applicant was a key criteria requirement in the application and selection process, review of the raw list of one hundred and twenty-seven thousand one hundred and seventeen (127,117) applicants revealed that there were five thousand five hundred and seventy-seven (5,577) applicants who did not indicate their date of birth. However, the applicants were not disqualified but were irregularly allowed to progress to the next level of application and selection process. The internal employment application forms allowed applicants to submit more than one application. Although Management has committed to strengthen the control features in the SAP-E-recruitment module, reliability of data in the current module may be misleading due to the inaccuracies cited. In the circumstances, the security controls embedded in the E-recruitment system are weak and information obtained cannot be fully relied upon in its entirety. The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. 	<p>a) Ineligible Applicants Participated in the Aptitude Test. Management is in the process of upgrading the system to enhance its capabilities among them the administration of online tests. This will ensure that only those eligible can take the test as any email from an ineligible applicant will be rejected. As a stop gap measure, we will develop an internal system for administering such tests, for mass recruitments and integrate it to SAP.</p> <p>b) Duplicated Records The SAP e-recruitment module does not allow multiple registration using the same email address. The email address is the unique identifier and an account can only submit one application. Where an email address has already been used one cannot apply using the same account. Applicants at times create numerous email addresses then submit multiple applications in the hope that this would increase their chances of shortlisting. Duplicate applications would nevertheless be identified during applicants' data analysis and the data cleaned. The system would not detect if one user applies several times as multiple users can share the same name. The system enhancement to make the ID number a mandatory field and the unique identifier will cut off multiple applications by one candidate.</p> <p>The email address will be linked to the ID number in such a way that even if an individual registers using a different email address it will pick out the ID as already registered.</p> <p>c) Incomplete Data It is not a requirement in the e-recruitment portal to have a specific number of characters of ID numbers in job applications. This is based on the fact that ID numbers may differ in number of characters especially the older generation IDs. The existing control for incorrect data input is the verification at the assessment stage. Any candidate who does not meet the minimum requirements during such verification is disqualified.</p> <p>In the ongoing system enhancement the ID number field will be configured to accept only numeric characters. Consideration for linking the e-recruitment system to other systems like the National Integrated Identity Management System (NIIMS) and/or iTax will validate ID nos.</p> <p>d) Age Not Captured The Authority is in the process of enhancing the system to set the date of birth as a mandatory field.</p> <p>e) Multiple Applications by Candidates Once the ID field is made mandatory and the unique identifier, multiple applications will not be accepted.</p>	Not Resolved	Ongoing

<i>Reference No. on the external audit Report</i>	<i>Issue / Observations from Auditor</i>	<i>Management comments</i>	<i>Status: (Resolved / Not Resolved)</i>	<i>Timeframe:</i>
		<p>The Authority is in the process of enhancing the iSupport system to ensure better controls and specifically to define mandatory fields required for the recruitment process.</p> <p>The enhancement being carried out includes the following:</p> <ul style="list-style-type: none"> • The inclusion of mandatory fields for National Identification number / Passport number and date of birth ensuring that the mandatory fields are defined to allow numeric or alphanumeric characters as may be applicable. • Partnership with the relevant Government ministries/agencies with a view to integrating the e-recruitment system with the National Integrated Identity Management System (NIIMS) for validation of static data on job applicants e.g. ID no., NSSF no., NHIF no., ethnic group, constituency, gender etc.) • Integrating the e-recruitment module with the iTax system for validation of KRA PIN and other related details of the applicants. <p>Implementing the measures above will enhance the data validation process in line with the business process controls to ensure data reliability and accuracy.</p>		

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Head of Finance

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Commissioner General.