



TAX ALERT: NEW 2018 KENYA PAYE RATES

The Government, through the Kenya Finance Act 2017/ 2018, revised the resident individual tax brackets and increased the monthly personal relief from KES. 1,280 to KES. 1,408 with effect from 1st January 2018. The tax bands and personal relief have been expanded by 10%. This is the second consecutive year that the bands have been expanded by this percentage. The expansion of income tax bands, together with the exemption of bonuses, overtime and retirement benefits of low income earners (income below the revised lowest tax bracket of 10%, upto KES. 12,298 per month or KES. 147,580 per annum), will **marginally** reduce the PAYE burden. However, please note that this doesn't translate to a 10% PAYE reduction.

Therefore, starting with the PAYE return for the January payroll that is due on 9th February 2018, employers, employees and the general public are advised to implement the following changes to their payroll processing:

Monthly Taxable Pay (KES.)	Annual Taxable Pay (KES.)	Tax Rate (%)
Up to 12,298	Up to 147,580	10
12,299 – 23,885	147,581 - 286,623	15
23,886 – 35,472	286,624 - 425,666	20
35,473 – 47,059	425,667 - 564,709	25
Above 47,059	Above 564,709	30
Monthly Relief: 1,408	Annual Relief: 16,896	

Sample our free monthly PAYE calculator on the following link;
<http://www.pna.co.ke/resources/payee-tax-calculator/>

For further information or assistance, please get in touch with us through the contacts below:

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