

Rödl & Partner

# DEVELOPING STRATEGIES

Tax Services in Kenya



# Developing strategies

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„Successful strategies do not fall out of the sky. They are well thought out. After all they serve as a fundamental basis for our actions and those of our clients. We are very well endowed with our strategy to meet future challenges.“

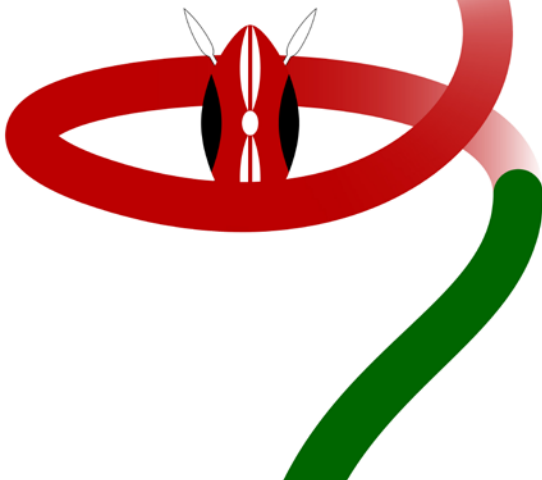
Rödl & Partner

# Rödl & Partner in Kenya

Kenya is the regional hub for trade and finance in East Africa and the natural entry point to the region. The country has a market-based economy with a liberalised foreign trade policy.

Rödl & Partner's success has always been based on the success of its clients. We are always there where our clients see potential business opportunities. The Kenyan market is an important springboard for German investments throughout the East African region.

As attorneys, tax advisers, management and IT consultants and auditors, we are present with 111 own offices in 50 countries. Worldwide, our clients trust our 4,900 colleagues.



# Our Tax Services

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## INTERNATIONAL TAX PLANNING

Multinational investors face a number of challenges, the most significant being exposure to taxes and how the overall effective tax rate can be managed.

At Rödl & Partner Kenya we offer a range of international tax planning services to corporate and private equity investors. This enables them to set up tax efficient establishments in East Africa, with holding structures outside the region.

Our tax team works closely with clients to identify and implement the most suitable holding structure. We achieve this by evaluating the options and business forms and taking treaty considerations for effective income repatriation and exit models. Employee compensation and international compensation structuring is also a key aspect of our tax planning strategies.

## MARKET ENTRY AND SETTING UP ADVISORY

With tax laws constantly changing, professional advice is essential for new entrants in the East Africa market. Consequently, there are a number of factors foreign investors intending to operate in the East Africa region need to consider. These may be inter alia whether the head office should be based in Kenya or elsewhere and whether the investor wishes to operate for short- or long-term.

We work with clients in tailoring solutions which combine both local knowledge and our global experience and that consider possible legal structures best suited to the client's proposed activities. When considering the most suitable entity it is crucial to evaluate the legal entity's tax obligations.

## TRANSFER PRICING SERVICES

Transfer pricing has become a major problem with multinational enterprises (MNE) in recent years, particularly in developing countries. Revenue Authorities in EA are becoming more skilled in the area of transfer pricing (TP).

The arm's length principle requires that all intercompany transactions with non-resident related entities be conducted at arm's length prices.

At Rödl & Partner, we have an experienced transfer pricing team with the skills, experience and tools to assist companies to both develop TP documentation and localise global TP documentation to bring them into line with local legislation.

We also assist MNEs in updating and implementing their existing global TP policies to mirror local legislation. Additionally, we guide and assist organisations undergoing change to identify and maximise profit opportunities in the value chain.

## TRANSACTIONAL AND PROJECT ADVISORY

Kenya and the larger East African governments are currently undertaking huge capital and infrastructure projects. These projects enjoy various tax incentives aimed at reducing project costs.

We can assist you in identifying, applying for and pursuing these incentives with the relevant authorities



## TAX AUDITS AND DISPUTES

The Kenya Revenue Authority (KRA) has the powers to challenge and reassess the basis of taxable income as disclosed in the annual income tax return. The KRA can and frequently does request access to data including documents, registers or accounts. This leads to delays in agreeing the final position and post-submission queries being raised by the KRA.

You can take advantage of Rödl & Partner tax team's considerable experience in liaising with the KRA. We will effectively coordinate your audit and engage with the KRA in a timely manner. We have experience in KRA audits ranging across all tax heads including corporation tax, Value Added Tax (VAT), Withholding Tax, Pay-as-you-Earn and Customs.

With qualified in-house lawyers amongst our staff we also represent and assist clients in lodging any appeals arising thereafter, including representation at the Tax Appeals Tribunal.

## TAX REVIEW SERVICES

We improve your level of compliance with tax legislation by conducting a tax health check. Through this process we are able to identify any potential tax exposure and risks and ensure that these risks are mitigated.



## MERGERS & ACQUISITIONS

We offer a range of tax services to corporate and private equity investors covering all phases of domestic and cross-border transactions from identifying a target to determining the potential tax impact post-merger or -acquisition.

These include advice on the tax aspects of specific acquisitions, joint ventures and mergers, tax-efficient structuring and post-transaction integration advice.

## TAX DUE DILIGENCE SERVICES

We provide tax due diligence services to corporate and private equity clients who are looking to possibly invest in target companies in different sectors of the economy.

Due diligence is an important, prudent exercise to ensure that any historical tax exposure, tax disputes and any latent tax risks are known and quantified prior to committing investment.

## TAX EXEMPTION SERVICES

The team at Rödl & Partner has plenty of experience in assisting clients in certain sectors with successful tax exemption applications under the Income Tax, VAT and Customs regimes that they qualify for.

We provide advice to clients on which exemptions they may target and be applicable for, assist with drafting the exemption applications to KRA and other government agencies and follow-up with the relevant offices on the progress of the application.

## TAX COMPLIANCE SERVICES

Effective tax management is about managing tax risk while optimising tax affairs in a sustainable environment.

At Rödl & Partner, we assist clients with tax compliance services which include:

- Preparation / review of monthly statutory tax computations; (i.e. VAT, social and health insurance and personal income tax)
- Preparation / review of monthly tax returns;
- Preparation / review of monthly tax compliance procedures;
- Advising on instalment taxes; and
- Preparation / review of annual corporate income tax returns and filing with the revenue authority.

We also assist our clients in addressing routine tax queries from the KRA and following up to ensure closure.

## TAX REGISTRATION SERVICES

A Personal Identification Number (PIN) is requirement by the revenue authorities for individuals and companies who are looking to engage in business in Kenya.

At Rödl & Partner, we assist clients with tax registration services which include:

- Preparation / review of
- PIN application for individuals and companies;
- PIN application for foreigners and foreign entities who are looking to set up business in Kenya;
- Application of a temporary PIN for foreigners for one-off transactions in Kenya; and
- Deregistration of PIN for individuals and companies.

We also assist our clients in addressing routine tax queries from the KRA and following up to ensure registration and deregistration of PINs as applicable.





# Contact

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Our Tax team is a mix of Lawyers, Accountants, Tax graduates, Economist, Finance and Transfer Pricing professionals with many years of combined tax practice in East Africa.

George Maina is our Tax Partner in Kenya and head of the Tax practice. George is a lawyer by training and a registered tax agent in Kenya. He has more than 14 years of tax practice in Kenya. He has considerable experience in tax planning, including advising clients on the most tax-efficient corporate structures, developing and implementing transfer pricing policy's in line with Kenya transfer pricing legislation.

He has also been involved in undertaking tax due diligence reviews, assisting clients in handling in-depth tax examinations and disputes, reviewing estimated tax assessments, lodging objections and appeals with the Income Tax Department and making submissions on behalf of clients to the Tax Appeals Tribunal.

Our Tax expertise is also complemented by our collaboration with our Legal services firm - Chebet Munyaka Advocates LLP. We provide both tax and legal support in complex transactions and projects to ensure that tax compliance is in line with the applicable legal legislation.



Nairobi

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