

May 26, 2025

The Chairperson
Departmental Committee on Finance and National Planning
Parliament Buildings
P.O. Box 41842 – 00100
Nairobi, Kenya

Dear Chairperson,

RE: SUBMISSION OF ASNET’S INPUTS ON THE FINANCE BILL 2025

The Agriculture Sector Network (ASNET) appreciates the opportunity to submit our inputs on the Finance Bill 2025. As the apex umbrella body bringing together stakeholders across Kenya’s agricultural value chains, we remain committed to contributing constructively to national policy and legislative processes that impact the sector.

Our submission presents sector-specific concerns and recommendations, with a focus on promoting inclusive growth, enhancing competitiveness, and safeguarding the livelihoods of smallholder farmers and agribusinesses. We trust that the views and proposals shared herein will support the Committee in developing a Finance Act that balances revenue generation with the need to stimulate agricultural productivity and economic resilience.

We welcome any further engagement that may be required and remain available to provide additional insights or clarifications.

Thank you for your consideration.

Yours Sincerely,

For: Agriculture Sector Network (ASNET)



Agatha Thuo
Chief Executive Officer
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INPUT ON THE FINANCE BILL 2024

Clause Number	Current Clause	Proposed Change/Amendment	Justification/Rationale
Clause 50	Timeline for offset or refund of overpaid tax: a) Commissioner has 90 days to process claims b) If audit is involved, timeline is 120 days	Maintain or reduce current timelines	Increasing to 120 and 180 days respectively would delay resolution of refund claims, disrupt cash flow for taxpayers, and reduce efficiency in tax administration.
Clause 52	Restriction on sharing trade secrets and personal data (Section 59A (1B))	Maintain the current restriction	Deleting this clause violates the Data Protection Act and constitutional rights to privacy. It creates significant legal and reputational risks.
Clause 36(o)	Reclassification of VAT zero-rated items (e.g., fertilizers, seeds) to VAT exempt, subject to Cabinet Secretary's discretion	Maintain current classification (zero-rated)	Zero-rated items allow input VAT claims, reducing costs. Changing to exempt increases consumer prices and burdens farmers. There's no clarity on why the shift is necessary.
Clause 8©	Proposal to limit tax loss carry-forward to five years	Maintain current indefinite provision	Limits long-term recovery for capital-intensive agri-businesses and startups. Reduces investment incentives and penalizes businesses with longer ROI periods.
Part IV (Excise Duty Act)	Excise Duty on Fuel raised from KES 21.95 to 24.95 per liter	Reduce the exercise duty introduced/maintain it at the previous rate	Increased fuel costs raise transportation costs across agricultural value chains thus rendering these value chains uncompetitive, impacting farmer incomes and food prices.

Clause Number	Current Clause	Proposed Change/Amendment	Justification/Rationale
			Targeted relief would stabilize agri-logistics.
Part IV (Excise Duty Act Cap. 472)	Higher Excise Duty on packaging for processed products (e.g., tea, coffee)	Maintain lower excise duties for value-added agricultural products	Higher taxes will discourage local agri-processing, reduce exports, and harm rural employment. Incentives should promote domestic value addition.
Part III (Cap. 476)	Raw materials for animal feed production exempted from VAT	Change status to zero-rated instead of exempt	VAT exemptions prevent recovery of input VAT on utilities, machinery, etc., leading to higher final costs. Zero-rating ensures full cost savings are passed to livestock farmers.
Part III (Cap. 476)	Sugarcane transport exempt from VAT	Change to zero-rated instead of exempt	Exemption limits VAT recovery by transporters, inflates prices, and creates administrative complexity. Zero-rating would ensure farmers benefit from lower transport costs.
Part II (Income Tax Act Cap. 470)	Introduction of minimum top-up tax on multinationals	Negotiate investment-friendly tax terms for agribusinesses	May discourage FDI in the agriculture sector. Collaboration with KEPSA and Treasury can help mitigate adverse investor reactions.

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