

ISSUE 33



# newsFlash

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# The Weekly Wrap

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## Picture of the Week



**TBE FORUM:** Garissa TSO staff create awareness on KRA's role in trade facilitation during a stakeholder engagement forum in support of refugee and Host Community Business at Aqal Heryo Resort in Dadaab. Additionally, the KRA team sensitized the forum on the importance of greater collaboration among government agencies.

## Regional Round-ups

- **Southern:** RC hosts a meeting with cross-border traders at Taveta-Holili OSBP.
- **South Rift:** Transport & Logistics staff trained on defensive driving by Isuzu Kenya.
- **Western:** CM engages staff on revenue collection, team work and performance.
- **Central:** Taxpayers assisted in filing their returns as Mobile Tax Unit (MTU) enters day 5.

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## Quote of the Week

Great things are never done by one person.  
They're done by a team of people.

- Steve Jobs -

“

WeeklyWrap

# Improved efficiency sees EAC member states record more trade at Taveta-Holili OSBP

by **Victor Mwasi**



Regional Coordinator for the Southern Region, Mr Joseph Tonui (7<sup>th</sup> L, front row), during a workshop at the Port of Mombasa where KRA and KPA experts were trained on the clearance of goods along the corridor in preparation for the Time Release Study (TRS) which is being finalized by World Customs Organisation (WCO) and the East Africa Community (EAC). The RC stated that the report will assist KRA to establish measures to improve service delivery.

**T**rade between East Africa Community (EAC) member states has increased thanks to the Taveta-Holili One Stop Border Post (OSBP).

The number of cargo trucks increased from 18,461 trucks in the 2019-2020 fiscal year to 31,461 trucks in the 2021-2022 fiscal year as a result.

In comparison to the Northern Corridor, which is about 300 kilometers longer, the Taveta-Holili OSBP route is thought to be the quickest route to the Great Lakes nations.

International best practices have been implemented at the OSBP, where the Kenya Revenue Authority serves as the lead agency. This has improved trade facilitation.

A multi-agency team made up of all interested agencies from Kenya and Tanzania conducts export and import procedures at the facility jointly, which has shortened clearance times.

As long as traders are compliant, they can clear their cargo in a few minutes or even hours as opposed to the old traditional border operations at the border, where there were two border posts separately for Tanzania and Kenya.

Customs modernization initiatives, such as 100% of declarations being processed through the Integrated Customs Management System (iCMS) and use of all customs regimes, including streamlined processing, have helped the increase in performance.

The measures reduced the cost of clearing goods by about \$300 USD per consignment while increasing the number of trips for transporters from an average of one to three per month.

According to Mr Joseph Tonui, regional coordinator for the Southern Region, the OSBP's decision to streamline the clearance of cargo and people has increased trade among East Africa Community member states.

"Faster cargo clearance has resulted from the action to streamline the clearance process of human traffic and cargo at the OSBP. Nothing is delayed. More economic growth has resulted as a result in Taveta. More business transactions are being made and new hotels are opening, which shows that the economy is expanding."

Although trade between Taveta and Holili increased, the RC observed that Kenyan businessmen exported fewer goods to Tanzania while importing more from Tanzania.

The trade balance between Kenya and Tanzania favours Tanzania. The trade balance is unfavourable. I want to inspire

Kenyan entrepreneurs and manufacturers to sell their goods abroad. That is something we must address. Because this is our EAC region, we need to market our products more widely in Tanzania and other nations," the RC said.

The RC added that the design of the facility has also promoted compliance and boosted the fight against contraband goods while speaking to the media during a visit to the OSBP. He claimed that the multi-agency strategy used to run the Management System OSBP operations at the Taveta OSBP has resulted in the intercept and seizure of a number of contraband items.

Mr Tonui noted that the authority has been able to strike a balance between border control and revenue collection thanks to a number of technological interventions, such as the Integrated Customs Management System (iCMS), the Regional and Electronic Cargo Tracking System (RECTS), scanners amongst other initiatives.

Due to performance-enhancing measures, he claimed, the Southern Region collected Kshs 267 billion in domestic taxes and customs, compared to a target of Kshs 264 billion, representing a 101% performance and a Kshs 3 billion surplus.

The Southern Region hosted a meeting with cross-border traders using the Taveta-Holili OSBP in the interim. Franklin Ombaka, the Chief Manager of Customs and Border Control's Southern Region Headquarters, oversaw the Southern Region team's interaction with the traders during the meeting.

Mr John Changole, Manager of Customs and Border Control for the Southern Region, Ms Louise Nyamweya, Manager of Marketing and Communication for the Southern Region, and other officers were with Mr Ombaka. The team walked the traders through the streamlined trade regime, which promotes intra-EAC trade.

They were advised to use the simplified trade regime (STR), which has a special provision that targets small traders who deal in low value consignments, rather than engaging in smuggling.

Consignments of goods with an approved simplified certificate of origin (SCO) are exempt from paying import duties in the EAC destination country if their value is less than US\$2,000 and they originate in the EAC.

The majority of traders engaged in smuggling because they were ignorant of their legal obligations, necessary customs procedures, and required documentation.



Cross-border traders during the meeting

## Grain Millers sensitized on taxation in Western Region

by Franklin Sang & Brian Ochieng

The Kisumu County Department of Health, in conjunction with Nutrition International, held a stakeholder engagement forum to provide a platform where grain millers in the region could interact with government agencies to understand key government requirements and to initiate the establishment of the County Food Fortification Alliance (CFFA). Among the attendees were officials from the Kenya Revenue Authority, the Kenya Bureau of Standards, the SAN Business Network, Nutrition International, Vihiga County government officials, and the Kisumu County Public Health Officer.

During the forum, the Western Region DTD Manager, Mr. John Oyiengo, engaged the stakeholders on several tax matters, including the TIMS rollout and its merits in taxation. He urged the millers to update their personal and business information on iTax as soon as

possible to ensure smooth communication. Additionally, he emphasized the importance of record keeping as an essential part of corporate income tax return filing, while promoting the Jaza Mapema Campaign, which encourages early filing of individual income tax returns.

In light of the newly unveiled Siaya Tax Service office, Mr. Oyiengo stated that KRA aims to have physical offices available in all 10 counties across the region to ensure service provision and tax mobilization on the ground. Finally, he reminded millers of KRA's focused stakeholder engagements and taxpayer education, which are held weekly at the regional headquarters, urging them not to ignore the invitations as it is an opportunity for them to learn and engage KRA on their tax issues.



Western Region DTD Manager, Mr. John Oyiengo, engaging the stakeholders on tax matters during the engagement forum.

## Southern Region staff, visit Ziwani School for the Deaf

by Nouman Khalid & Deborah Wambugha

The KRA Southern Region recently paid a CSR visit to Ziwani School for the Deaf, as February is the month of love. The school was chosen by the SR CSR committee to demonstrate that deaf children are important members of society who require love both now and in the future.

According to statistics, there are 200,000 deaf children in Kenya, but only 10% attend school. There are 120 schools for the deaf in Kenya, including 23 secondary schools for deaf students. The SR CSR Committee, headed by Mr. Warren Olesaaya, Manager, C&BC, gathered contributions from staff in the area totalling approximately Kshs.50,000, mostly in the form of food items like sugar, maize flour, sanitary pads, toothbrushes, toothpaste, and other essentials like wheat flour and cooking oil.

To bridge the communication gap between the kids and the visiting KRA staff, Mr. Paul Irungu from M&C, a sign language interpreter, accompanied the committee. When the kids received roses in honor of Valentine's Day, they were overjoyed.

The school's deputy head teacher, Ms. Agnes Mwaka, accepted the gift on behalf of the institution and thanked KRA for its thoughtful gesture in support of the kids. She urged other government agencies and organizations to come out and support them, saying that they primarily rely on such charities to run the school. "The school does its best to educate and empower the deaf students it accepts from the entire coastal region. Even some of our students attend public schools," Mrs. Mwaka said. She went on to say that although some students from low-income families are unable to pay the nominal tuition, the school must still accept them and maintain its commitment to academic integrity.

Despite having different abilities, Mr. Warren Olesaaya urged the students to excel in their studies. He assured them that they are loved and cared for by the KRA. Mr. Olesaaya urged the teachers to utilize the current KRA staff in order to fulfil their obligation to file their tax returns. The children were inspired to obey their teachers and graduate from school as good, obedient citizens, and the teachers were praised for their unending dedication to educating the students.

## Independent Review of Objections (IRO) reaffirms commitment to support Western Region in revenue collection efforts

by Dorothy Pamella & Brian Ochieng'



Independent Review of Objections members talk to Kisumu TSO program managers during the session.

The IRO has reaffirmed its commitment to assisting KRA in increasing revenue collection by swiftly unlocking revenue that has become stuck in the system and resolving taxpayer objections promptly. This exchange took place at Lake Basin Mall between the Kisumu TSO and IRO (Independent Review of Objections) teams.

Mr Bernard Ondieki, Chief Manager of DTD Operations for Western Region, introduced the IRO team to the program managers of various DTD divisions, stating that the purpose of the meeting was to introduce the new team to the staff and gather information to help reduce objections.

Mr DM Mwangi, the former Deputy Commissioner of the IRO recognized the importance of KRA and IRO in increasing revenue collection. He mapped out their objectives, which include objectivity, independence, and revenue

collection. He further pledged to investigate the underlying causes of high objection rates. Later, Mr Michael Kasingiu of IRO walked the program managers through the typical recurring points of contention and potential fixes designed to prevent those errors from occurring again. Additionally, Mr Michael brought up a number of administrative problems that were developing and made suggestions for the quick resolution of objections at the conclusion of his presentation.

The meeting came to a close with Mrs Pamela Ahago, the former Western Region RC, expressing her gratitude. "IRO is the new kid on the block! I hope we can work together to diligently collect revenue so that the Western Region can shine soon," Mrs Ahago said. She appreciated the Independent Review of Objections' cooperation with KRA in achieving sustainable taxation.

## Tuzo ya Uadilifu-Integrity Award Framework

by Kitengo cha Elimu na Utekelezaji wa Sera (EUS)

**M**amlaka ya Ushuru itatambua na kuwatuza wafanyakazi bora ambao wametoa mchango mkubwa katika usimamizi wa ushuru na kudumisha uadilifu katika utendakazi.

**Utaratibu wa uteuzi:** Kamati zote za kuzuia ufsidi (CPCs) zitakuwa na jukumu muhimu katika zoezi la uteuzi. Jumanne ya kwanza ya Aprili ya kila waka wa fedha, Idara ya Ujasusi na Uendeshaji Mikakati (I&SO) itasambaza vigezo na fomu za uteuzi kwa (CPCs) wote.

**Fomu:** Katibu wa CPC atapeleka fomu kwa faragha wafanyakazi wawili (2) kwa kuzingatia vigezo vya uteuzi. Wafanyakazi watawasilisha wateule kwa katibu wa CPC ndani ya wiki mbili baada ya kupoeka ombi.

**Waliopendekezo:** Katibu wa CPC atakusanya orodha ya waliopendekezo pamoja na mapendekezo yao husika na kuitisha mkutano maalum wa CPC ili kuchagua wateule wawili walio mengi zaidi.

**Msasa:** Itatuma majina ya wateule wawili (2) kwa I&SO ili wapigwe msasa kwa CPC. Watakaoeuliwa watatumwa kwa kamati ya uteuzi wa tuzo ambayo itawaidhinisha ya kupigwa msasa. Itakuwa na uwakilishi kamati hii kwa kila idara na kuongozwa na mteule kutoka CSSD.

**Sherehe:** Itafanyika wakati wa maadhimisho ya siku ya kupambana na ufsidi Afrika tarehe 11 Julai ya kila mwaka. Ukiwa na maoni, barua pepe: [integrity@kra.go.ke](mailto:integrity@kra.go.ke)



## The importance of creativity and innovation in an organization

by Audrey Sharola

**N**early every industry and profession requires creativity, and organizations actively look for creative people who can articulate their ideas clearly in order to boost productivity and advance the company. Thoughtful thinking is frequently encouraged by an organization's corporate culture and its approach to innovation, collaboration, and recognition.

All people are creative, but for some people, their creativity may be dormant. In order to help employees unleash their creativity, leaders are crucial. Having said that, in order to be a creative manager or leader, you must be aware of tried-and-true strategies for motivating staff to solve problems creatively. The same idea can be used to foster innovation within a company, as workers may need to learn more about the plans and objectives of the latter before contributing to their realization.

The Authority has implemented an Idea Management Platform called iNNOVATE as one method of achieving this. Staff members and taxpayers have used the platform since it was implemented in 2017 to share their original ideas.

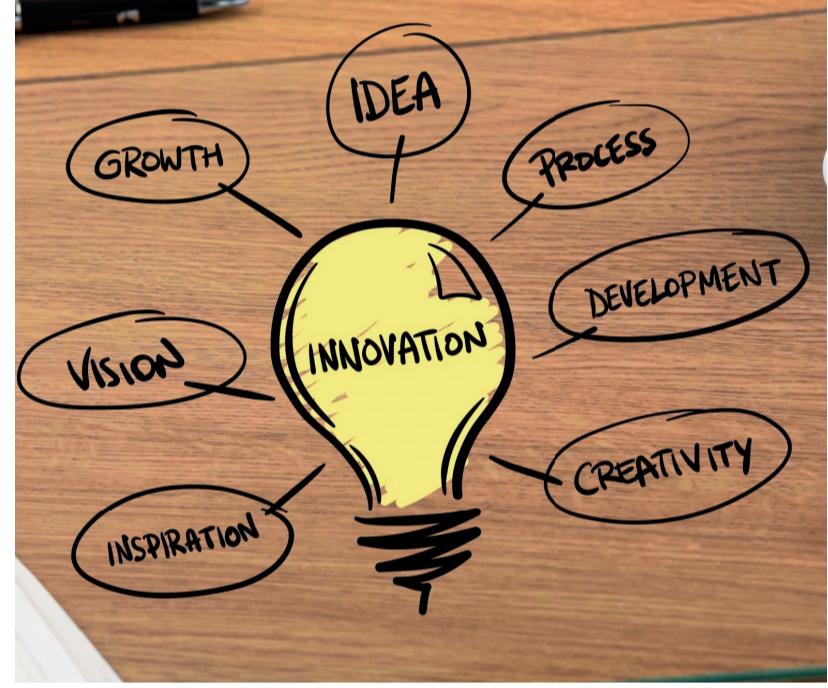
All KRA staff members as well as the general

public are encouraged to share original and creative ideas through this platform. Not every idea will be excellent, but with enough discussion and suggestions, there will probably be one that can be developed. Additionally, employees will see how creativity and innovation benefit the company, which might pique their interest in coming up with new ways to accomplish goals.

An idea management register contains all of the submitted ideas. Every three months, the register is uploaded to iKnow.

Dr. Kimberly Weller, an assistant professor at Queens University of Charlotte's Knight School of Communication, emphasized the value of creativity and innovation in an organization. In today's fiercely competitive, extremely turbulent business environment, she said, "creativity and networked innovation are the keys to surviving and thriving." The market requires constant game-changing product and service development, authentic, always-on consumer engagement, and adaptation to rapid, relentless technological change.

Share your creative and innovative ideas via our Idea Management Platform: [innovation.kra.go.ke](http://innovation.kra.go.ke).



## Demystifying transfer pricing and its impact on emerging economies

by Allan Kasibwa

**T**ransfer pricing is a mechanism used to determine and account for the prices of goods and services in intra-firm trade, including setting prices for goods and services that are transferred between a company's different entities, such as subsidiaries or divisions, where these divisions are in different countries. The aim of transfer pricing is for companies to manage their global operations to ensure that each entity can make a fair and reasonable profit on the goods and services it provides. This is important for the company to remain profitable and competitive in the global market.

**Price Setting:** The price set ought to reflect both the market forces of supply and demand in each country, as well as the costs associated with the transfer. The prices set should also reflect a pricing structure that would occur if the goods and services were traded between two separate companies, rather than two different entities of the same company; this is known as arm's length pricing. Companies must also consider the costs associated with the transfer, such as the cost of transportation, taxes, and customs duties.

However, tax administrations, especially those in emerging economies that have little to no regulations on transfer pricing, usually have a difficult time navigating the elaborate and often convoluted transfer pricing methods companies employ to reduce their tax burden, much to the detriment of the country's tax revenues.

**Complex Schemes:** In a capitalist society such as Kenya, businesses provide goods and/or services to make a profit. This is the main purpose of business, and unfortunately, it has driven businesses to craft complex schemes to guarantee profits. These include using the principles of transfer pricing to hyper-inflate the cost of goods and/or services traded between related entities, thus reducing their profitability or shifting profits to jurisdictions that have lower tax rates. All this is to achieve the goal of paying fewer taxes and maximizing profits.

**Impact on Economies:** The impact of transfer pricing on local emerging economies can be both positive and negative. On the positive side, transfer pricing can be beneficial to local emerging economies, as increased trading activities can create jobs and increase the amount of foreign direct investment going into the local market. Furthermore, it can help to reduce the cost of goods and services, as companies can take advantage of the lower costs associated with trading in different countries.

On the other hand, transfer pricing can have a negative impact on local economies. This is because companies can use transfer pricing to shift their profits to countries with lower tax rates, reducing the amount of taxes paid in the local market. This will, in turn, reduce government revenue, which may significantly hamper economic growth and development. Additionally, transfer pricing can lead to increased competition in the local market, where a company may use transfer pricing

to lower production costs, thus enabling them to sell goods at a lower price, with which local businesses may not be able to compete.

**Regulations:** Developing countries like Kenya ought to come up with clear and dynamic regulations to reduce the negative impacts of transfer pricing on their tax revenues and prevent base erosion and profit shifting by multinational entities. These are difficult and nuanced waters to navigate, as there is a need to remain attractive to investors while also being able to maximize tax revenues. KRA is at the forefront of this initiative and has helped in the enactment of various laws and regulations with the aim of reducing the exploitation of transfer pricing to deprive Kenya of tax revenues.

Further, KRA does this by ensuring the enhancement of revenue collection and service delivery through the 5th Development Policy Operation (DPO 5), where the Authority is pushing for the operationalization of, among other laws and regulations, the Multilateral Convention to Implement Tax Treaty-Related Measures to prevent base erosion and profit shifting.

**Conclusion:** In conclusion, transfer pricing is an important tool that companies use to manage their global operations. However, it can also have a negative impact on emerging economies, as it can lead to

## Crafting your own vision board

by Jean Joyce

Some individuals have been counting down the days from each birthday until they realize their life's goals because they have known exactly what they want to be since they were young. They have as a result developed their own purpose and live a life of discipline and laser focus. Committing to a series of actions that will ultimately lead to a particular action with a specific result, thus defining their own lives.

In order to achieve the objectives we set for ourselves at the start of the year, deliberate visual stimulation is required. Using a vision board makes it simpler to achieve this.

### What exactly is a vision board?

People use vision boards as tools to help them with goal clarification, concentration, and focus maintenance. These goals can be connected to lifestyle, employment, money, health, or anything else that a person chooses to concentrate on, but they act as a visible reminder and affirmation of where you want to go. You can improve your understanding of what you want and how you want to get it by creating a vision board.

### What benefits do vision boards have?

A vision board can help us create a thorough vision and have faith in our capacity to turn that visualization into action. The change from action to reality comes next. A fantastic tool for helping you focus your vision and begin the actual manifestation process is a vision board. The following are some advantages of vision boards:

- a. ***It creates an emotional connection that motivates you:*** If you include more than just pictures on your vision board, this works especially well. Make it about your feelings as well as the sensory experience you have while viewing it. What sights, smells, and sounds go with a certain aspect of your

vision? Make your vision board as detailed, exciting, and thorough as you can because it will only be as effective as the effort you put into it.

- b. ***It gives the dream you have in your head reality, which helps you believe it can come true:*** It feels more realistic and attainable when you give something in your mind more definition and substance. You begin to think, "Hey, I just might be able to complete this." One of the most potent advantages of a vision board is that. A properly constructed vision board will gradually start to change your internal belief system into one that is more assured, certain, and self-motivated, regardless of what you think about yourself or how much self-doubt you have.
- c. ***Allows for exploration and processing of future aspirations in a strengths-based and solution-focused way:*** Because the vision board represents your personal goal, it is primarily focused on areas you believe you are capable of achieving, emphasizing your own strengths and aptitudes.
- d. ***Vision boards can promote a positive self-perception:*** In a context where some aspirations seem far-fetched, visualizing yourself having achieved these goals helps foster a positive relationship with them.
- e. ***Creates value in undervalued aspects of our identities:*** while maintaining our self-awareness, vision boards bring to the fore-front hidden aspects of our personalities.
- f. ***Promotes self-reflection without relying heavily on verbal expression:*** Here we use more pictorials, less words, to allow for visualization of our dreams.
- g. ***Acts as a source of motivation for future behaviours;*** once your aspirations have been clearly outlined and displayed, there is an individualised motivation for behavioural change inclined towards achieving the set goals.

### How to do a vision board

1. Clarify your objectives. Setting goals is said to increase one's likelihood of success.
2. List the most crucial objectives. Use the wheel of life to draw attention to specific areas on each spectrum and your desired outcomes.
3. Gather images that illustrate your goals from publications or online resources.
4. To get inspired and start creating, get a large poster, glue, and all the words and images you can find. Make it noticeable and appealing to draw your attention each day.
5. Put it up somewhere you'll see it every day to serve as a reminder of your objectives.
6. Keep a journal where you can track your accomplishments as well as your feelings and emotions as you work toward your goals.
7. Enjoy your successes. You'll be inspired to pursue other objectives by this. Do not forget that every action, no matter how small, counts!

### Reference

- <https://tugende.nl/vision-board/>
- <https://www.goalcast.com/creating-a-vision-board/>

**Drivers Training (Nairobi)**

Over 120 staff from the Facilities & Logistics Services Division underwent training by KESRA in collaboration with HR Division on customer service excellence, where they learnt about customer service philosophy, service delivery that builds loyalty, leveraging on the power of connections for better service delivery, savvy communication for customer relationship enhancement, handling customer complaints like a pro and how to be come a service delivery star.

**Mainstreaming Ethics & Integrity**

Domestic Taxes Department (DTD) Chief Manager Wanja Wangondu (L) and Assistant Manager Gitegi Carolyn (R) from Intelligence & Strategic Operations (I&SO) Department during a KRA TV live engagement. The topic of the engagement was: "DTD Initiatives to Mainstream Ethics & Integrity" and was streamed live on KRA TV and Webex.

**South Rift Region**

South Rift Transport & Logistics staff during a defensive driving training conducted by Isuzu Kenya's Mr Hamphreys Khaoya. The staff were also sensitized on traffic rules and various tactics of avoiding road accidents.

**South Rift Region**

South Rift Region RC Ms Alice Kiptoo (L), accompanied by DTD Head of Operations Mr Jonah Ogaro (C), during an engagement with Kericho TSO staff on revenue strategies being implemented to ensure revenue targets are met.



M&C staff Mr Dennis Mureithi of Nakuru Huduma Centre (C) attending to taxpayers during the *Huduma Mashinani* outreach held at Krishna Temple (Section 58) in Nakuru East constituency. The event was organized by the Huduma Centre secretariat in conjunction with the Hindu Council, Nakuru. The outreach is aimed to taking the government services closer to the people.

# Pictorials

## Northern Region



RC Northern Region Mr Nicholas Kinoti (4<sup>th</sup> L) accompanied by Head of DTD Operations Mr Sigei (C) and CM C&BC Mr Swaleh (4<sup>th</sup> R) during a courtesy visit to Marsabit Huduma Centre to assess the preparedness of Marsabit Huduma Centre in hosting DTD and Customs officers. This is part of ensuring KRA services are easily accessible to taxpayers in Marsabit and its environs.



M&C staff from Chuka Huduma Centre during a tax education sensitisation to Tax Society members of Chuka University on returns filings at the Chuka University.



Chuka Huduma Centre M&C staff filing returns for taxpayers during Huduma Mashinani outreach programme held in Kathwana at County Commissioner's Office.

## Central Region



Central Region DTD Operations Manager Mr Geoffrey Omao (C) posing for a group photo with CR TSO and divisional heads after closing the 2-day strategy meeting held at a Naromoru hotel. The meeting was aimed at evaluating past half year performance as well as laying down strategies for achieving Q3 and annual regional deliverables



Nanyuki TSO officers conducting a taxpayer education session with the New recruits in the Turn Over Tax bracket (TOT), and sector based (Hardware) taxpayers. They were also taken through the KRA service charter and an integrity program.

## Central Region



The Chief Manager of Taxpayers' Education, Madam Jecinta Mulwa (L), and the Thika TSO head, Mr Loyford Kubai (3<sup>rd</sup> L), during the launch of a tax club at Chania Boys High School. The school is partnering with KRA to promote tax compliance and financial literacy among young people.

## Western Region



Chief Manager, Customer Experience (2<sup>nd</sup> R) & Chief Manager Public Relations & Communication (3<sup>rd</sup> L) with Kisumu TSO Manager Mr John Oyiengo (2<sup>nd</sup> L) during a Customer visit at Nijam Enterprises in Kisumu.



# NewsFlash

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