Dear sir,

We refer to your letter dated 21/2/2019.

1. After consultation, We now fully understand the Withholding tax and your position as an agent.
2. Please understand our position too. Our agreement to (the reduced rate of) 50ksh/square foot rent was based on the understanding that this was exclusive of all taxes – a position that which we thought was aptly captured in clause 2 of the agreement which states ‘To pay the rent hereby reserved at the times and in the manner aforesaid clear of all deductions whatsoever’.
3. We acknowledge that the invoices previously presented to you were not as accurate as they should be; they focussed entirely on position (2) and ignored our tax obligation and your agency, i.e., position (1).
4. We would like to correct this anomaly and re-present the modified version covering the period 1/12/2017 to date. The basis of the correction is the balancing of the following equation:-

X - 0.1X = 145800

where X is the gross monthly rental charge, 0.1X is the withholding tax and 145800 is the monthly rent as we understood it. See the attachment for the details of its application.

1. Please let us know if this approach acceptable to you or not. If it is, we have applied it to the March 2019 invoice; it’s part of the attachment. If it is not, we will respect your decision and re-do the invoice without regard to position (2).
2. We would wish to close this matter amicably and as soon as possible.

Yours faithfully

Peter K. Muraya

Director, Mutall Investment Co. Ltd.