

JOINT PRESS RELEASE

Civil Society Welcomes Parliamentary Finance Bill Recommendations on Double Taxation Agreements

TJNA and EATGN urge parliament to consider further civil society proposals while debating the tax legislation in the National Assembly.

Nairobi, 28 June 2021 – Civil society tax groups welcome the departmental committee on finance and planning proposals on the amendment of the Finance Bill for Parliament to bind double taxation agreements (DTA) according to the Treaty-Making Ratification Act (TMRA). Tax Justice Network Africa (TJNA) and the East African Tax and Governance Network (EATGN) count this as another win in the struggle for fair, transparent, and accountable tax policy.

These proposals follow several advocacy actions through public interest litigation (PIL) and public participation with the committee concerning the Kenya - Mauritius DTA. Further, the proposals seek to prevent tax avoidance through round-tripping, that is, the situation in which Kenyans register their companies in other countries then return to claim incentives as foreign entities that deserve tax exemptions. Therefore, this is a positive signal that legislators increasingly see the challenges posed by numerous tax loopholes in Kenyan laws. TJNA and EATGN would like to encourage them to pass these proposals upon broader debate. *“We are happy to see that MPs are playing their rightful role in the design of policy in Kenya that goes beyond rubberstamping decisions of the executive”*, said Alvin Mosioma, TJNA’s executive director.

Nonetheless, despite favourable consideration on several suggestions made to the committee, TJNA and EATGN also hope that other civil society, proposals organized under the [Okoa Uchumi Coalition](#), will be favourably considered on the floor of the house based on the following principles:

1. The impact of proposed tax amendments should be set out to ensure that gains made by increasing tax revenues are not reversed by the reduction in economic activity,
2. Taxes should be equitable so that an increasingly unjustified burden should not be placed on the poor, and
3. Tax exemptions should not be arbitrary and discretionary as this increases the scope for tax abuse and reduced government revenue.

In analyzing the Finance Bill 2021, considering the current fiscal consolidation program and its linkage to public debt, TJNA and EATGN urge that debate of the whole House focus on the need for fair taxation.

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