



## **Statement**

### **Response to the Report on British American Tobacco Kenya (BAT Kenya)**

The Tax Justice Network Africa (TJNA) welcomes the response by British American Tobacco Kenya (BAT Kenya) to the report titled “Missing Millions: A Cross Examination of British American Tobacco Kenya’s Tax Bill”, published by The Investigative Desk and the University of Bath in collaboration with TJNA. The report highlighted a significant discrepancy of up to KES 9.6 billion (\$ 93 million) in BAT Kenya’s revenue statements for 2017 and 2018, which could indicate potential tax avoidance or evasion of up to \$28 million in profit tax. The analysis revealed significant inconsistencies in the company’s statements, with a discrepancy in millions of cigarettes between production and reported sales, leading to substantially lower revenue than expected.

These findings were based on a rigorous analysis of declared annual reports, production data supplied to the Kenya Revenue Authority (KRA), and other internal government documents. The discrepancies revealed in the report raise serious concerns about the company’s compliance with tax obligations and its commitment to fair and equitable taxation. While BAT Kenya has firmly rejected the findings of the report, TJNA stands by the integrity of the analysis and calls for greater transparency and accountability from multinational corporations operating in Africa.

As we commemorate the 10th Anniversary of the Report of the High-level Panel on Illicit Financial Flows out of Africa (The Mbeki Report), the discrepancies underpin the prevalence of commercial-related illicit financial flows (IFFs). The findings of our report reflect the pervasiveness of tax avoidance and evasion by multinational corporations operating in Africa, which contributes to an annual loss of an estimated at over \$ 89 billion. These practices deprive African nations of much-needed revenue to fund critical public services such as healthcare, education, and social protection.

TJNA welcomes the KRA’s commitment to thoroughly investigate the findings of this report and encourages other relevant authorities to work together to hold BATK to account for undermining Kenya's efforts at domestic resource mobilisation (DRM). We urge the KRA to make the results of its investigations public to ensure transparency and reinforce public trust in the process. A fair tax system is a cornerstone of social justice, enabling governments to reduce poverty and support the growing populations. We call attention to these issues and urge reforms that foster fairer societies by ensuring multinational corporations contribute their fair share.

We also urge other African governments to strengthen regulatory frameworks and close loopholes that enable multinational corporations to exploit weak systems for their own gain. In Africa, illicit financial flows (IFFs) contribute to unfair tax systems and deprive countries of vital resources, perpetuating cycles of inequality both within and between countries. TJNA advocates for fair and equitable tax systems that prioritize the needs of African citizens and ensure that resources benefit all. We call on all stakeholders



to join us in this effort to combat illicit financial flows, hold multinational corporations accountable, and ensure that Africa's resources are used to achieve the vision of Agenda 2063: "The Africa We Want."