



PRESUMPTIVE TAX

In accordance with Finance Act, 2018, the Presumptive Tax became payable from 1st January 2019.

Presumptive Tax is payable by a resident person whose turnover from business does not exceed Kshs. 5 million during a year of income.

Applicability of Presumptive Tax

Persons liable to pay a Presumptive Tax are as follows;

- resident persons whose gross turnover from business does not exceed Kshs. 5 million during a year of income; and
- who are issued or are liable to be issued with a business permit or trade license by a County Government.

The Presumptive Tax regime does not apply to:

- a person whose income is exempt from tax under the First Schedule of Income Tax Act and has a valid exemption certificate.
- a person who would otherwise pay tax under this regime but elects by notice in writing to the Commissioner not to be subjected to the Presumptive Tax.
- a resident person whose gross turnover from business exceeds Kshs. 5 million in a year of income
- any income derived from -
 - i. management and professional services; or
 - ii. rental business; or
 - iii. incorporated companies

Rate of presumptive tax

The rate of presumptive tax is **15%** of the amount payable for a business permit or trade license issued by a County Government.

Time of payment of Presumptive Tax

The due date for payment of the tax is at the time of payment for the business permit or trade license or renewal of the same.

How to pay Presumptive Tax

Eligible taxpayers will have to log onto **iTax** to make payment for Presumptive Tax. The taxpayer is required to generate a **Payment Registration Number (PRN)** on iTax under Presumptive Tax Payment, after which they can pay through M-Pesa Pay Bill Number **572572** or any other partner bank.

Penalty for late payment of Presumptive Tax

5% of the tax due and a late payment of interest 1% per month as outlined in the Tax Procedures Act, 2015.

Note:

Presumptive Tax paid will be offset against the **Turnover Tax (TOT)** payable