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DO 1570

United Nations Industrial Development Organization

**Distr.
LIMITED**

**ID/WG.66/27
8 September 1970**

ORIGINAL: ENGLISH

**Meeting to promote specific Industrial
Projects in African Countries**

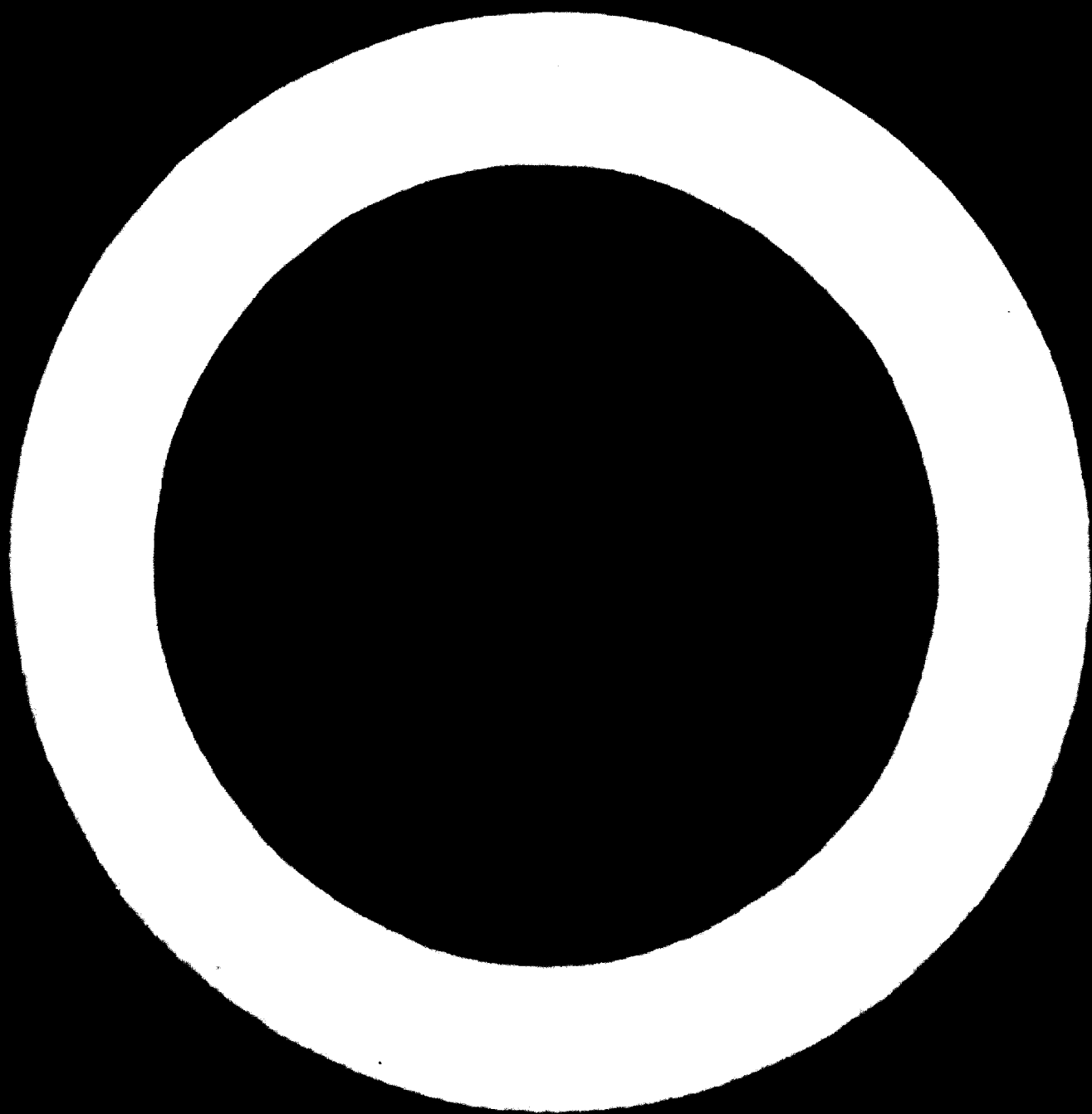
Nairobi, Kenya, 30 November - 4 December 1970

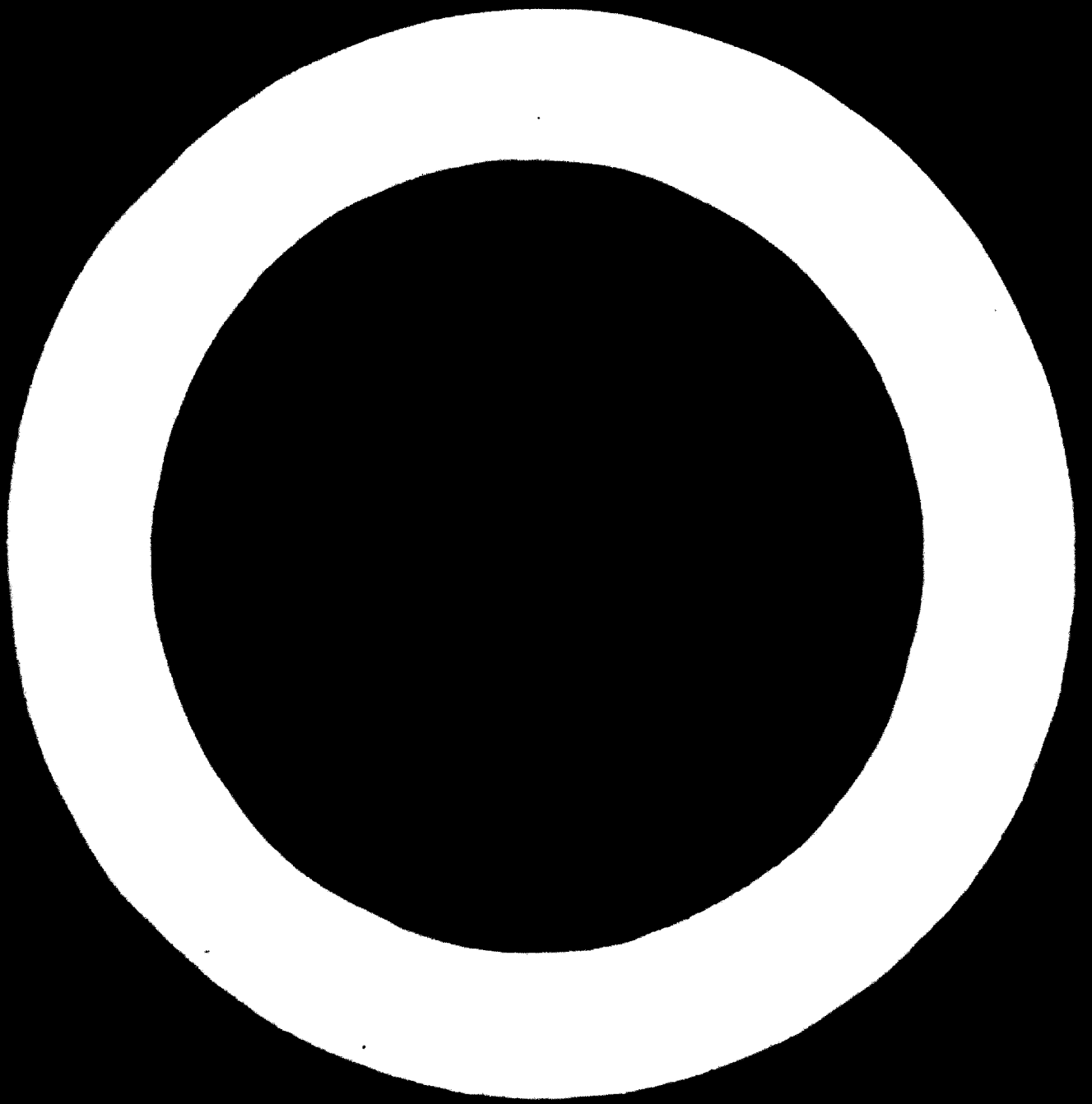
INVESTMENT INCENTIVES ✓

KENYA

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KENYA

I. Incentives granted to industrial investments

- Customs duty refund:

Following applications made by individual manufacturers, refund of duty may be considered on the basis of the following:

. Dutiable imported raw materials are for the manufacture of articles prior to re-export from East Africa; or,

. The duty on imported raw material makes competition with comparable imported articles uneconomic; or,

. An anomaly in the tariff rates has an unforeseen and unintended adverse effect on local industry.

Decision to grant such concession is based on the importance of the particular industry to the economic development of the country in relation to import substitution, high labour/capital ratio and contribution to the diversification of the economy.

. Duty refunds are granted for 25% to 100% of duty paid on intermediary goods for manufacturing industry.

. A suspension of tariff may be granted to new enterprises.

- Protection against foreign competition:

Customs tariffs, quantitative restrictions and anti-dumping legislation.

- Tax benefits:

No tax holiday is granted - instead, programme of investment allowance.

. Annual deductions for certain classes of capital expenditure incurred for business purposes:

- Industrial buildings: factories and 'approved' hotels, 4 per cent and 6 per cent annually for the expenditure incurred;

- Plant, and machinery;

- Mining;

- Farm works.

. Investment deduction on capital cost of construction.

. Losses incurred may be carried forward indefinitely and set off against profits of succeeding years.

. No capital gains tax.

- Assistance with financing:
 - The Government may assist industrial enterprises by providing part of the capital needed and/or participating in the equity of new enterprises.
 - Financial assistance is granted through:
 - The Industrial and Commercial Development Corporation;
 - The Development Finance Company of Kenya Limited;
 - The Agricultural Development Corporation.
 - Private local participation in industrial projects can be arranged through:
 - The Industrial Promotion Services;
 - The Africindo Industrial Development Corporation Limited.
 - Assistance with labour
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 - Export incentives:

The Government has set up an Export Promotion Council reviewing the potential for exports of goods and initiating, facilitating and encouraging the promotion of exports.
 - Other incentives:
 -

II. Industries qualifying for incentive benefits

Benefits are granted to 'approved enterprises' (foreign).

Applications to invest foreign capital are approved under the following conditions:

- The proposed project will lead either to the earning or saving of foreign exchange;
- The investment will result in a gain in technical knowledge etc., that would be of overall importance to the economic development of the country.

• A license is required for the manufacture of certain articles scheduled under the East African Industrial Licensing Act. Such licenses are needed for e.g. textiles, glassware, metal ware; a list of 'scheduled articles' is published by the Ministry of Commerce and Industry.

III. Procedure

- . Applications for a 'Certificate of Approved Enterprise' are to be made to the Minister for Finance.
- . The Minister for Finance consults with the Competeur, Ministry of (Industry, Mines, Tourism, etc.).
- . The Certificate specifies the enterprise concerned, the proportion of the foreign investment to the total invested and the foreign currency invested in the project.

IV. Special Regulations concerning foreign investors

- . The Foreign Investment Protection Act guarantees the free transfer in foreign currency of profits.
- . The Constitution provides guarantees related to the compulsory acquisition of property and interests by the Government and the prompt and free payment of compensation.
- . Kenya is a signatory to the Convention on Investment Disputes.
- . Double taxation agreements have been entered into with the United Kingdom, Canada, Denmark, Sweden, Norway, Switzerland and Malawi. Reciprocal double taxation relief is granted between Commonwealth countries.

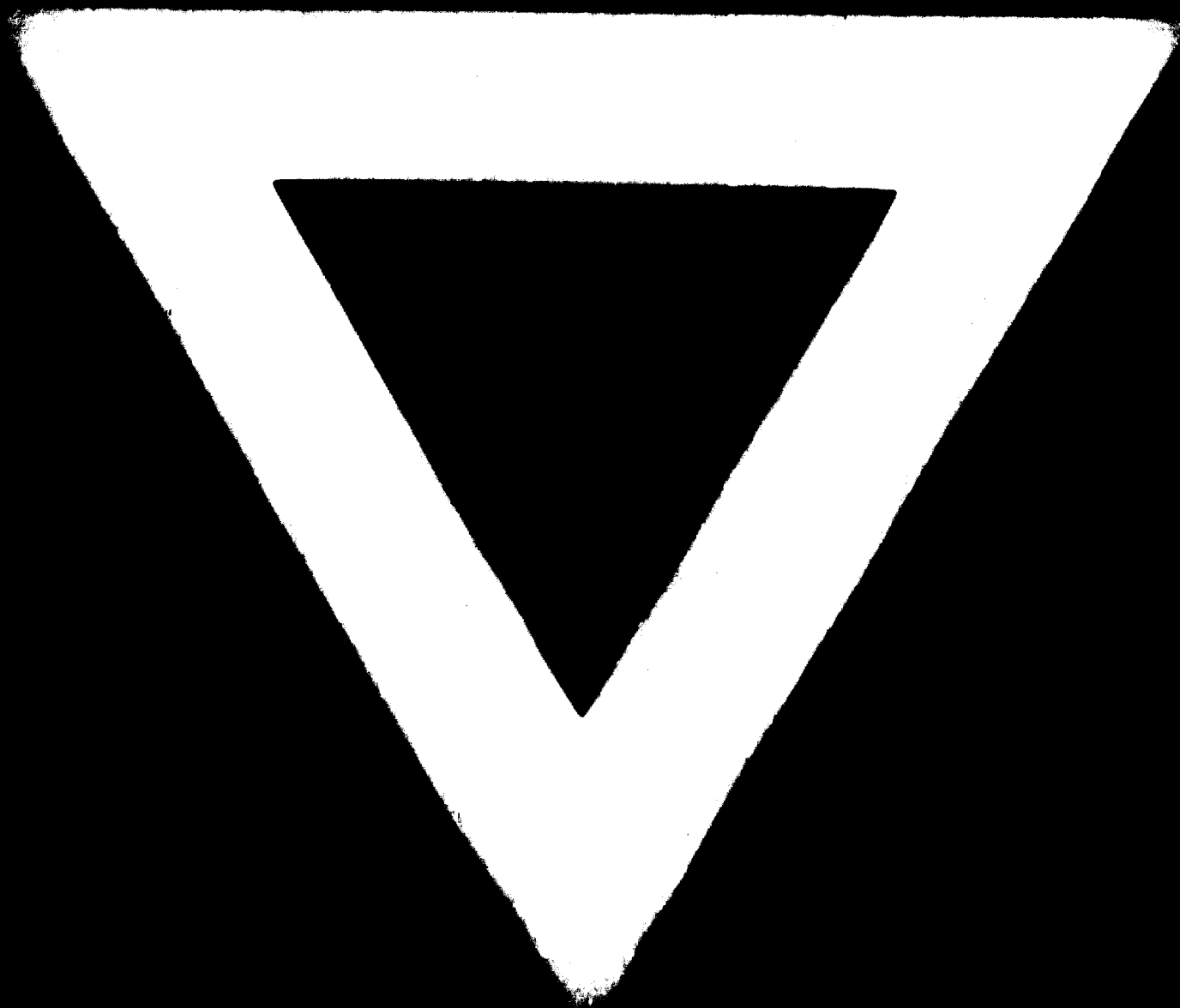
V. Sources of Information for Investors

- . The Permanent Secretary, Ministry of Commerce and Industry, P.O. Box 30430, Nairobi,
- . Industrial and Commercial Development Corporation (ICDC), P.O. Box 30158, Nairobi,
- . Development Finance Company of Kenya (DFCK), P.O. Box 30483, Nairobi.

References

- . A Guide to Industrial Investment (Publication of the Ministry of Commerce and Industry).
- . Foreign Investment Protection Act, 1964.
- . East African Licensing Ordinance, 1962.





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