Revenue. |

KRA misses target by Sh267bn as corporate earnings tumble

Dominic Omondi

The Kenya Revenue Authority (KRA) missed its target for the full year ended June by Sh267 billion, hurt by reduced corporate profits and job cuts in a period when businesses were devastated by the depreciation of the shilling and high energy prices.

The taxman collected Sh2.22 trillion in ordinary revenue, an increase of 9.5 percent from Sh2.03 trillion that it received in the fiscal year ending June 2023.

KRA aimed to collect Sh2.76 trillion by the end of June 2024, which was revised downwards to Sh2.49 trillion after the Treasury tabled the second supplementary budget towards the end of the fiscal year.

In total, KRA-- which also collects other taxes on behalf of other state agencies-- collected Sh2.40 trillion in the year ending June, compared to Sh2.16 trillion collected in the same period last year.

This is President William Ruto's first full fiscal year, which has been characterised by the introduction of unpopular tax measures that informed the anti-tax riots that recently rocked the country.

KRA Commissioner-General Humphrey Wattanga during a Senate committee hearing on March 7, 2024. DENNIS ONSONGO

Corporation Income Tax (CIT) which is paid by profits grew at a slower rate of 4.9 percent to Sh278.2 billion compared to a growth of 7.2 percent in the previous financial year.

KRA Commissioner- General Humphrey Wattanga noted that income tax from finance and insurance, information and communication, and manufacturing declined by 2.4 percent, 12.3 percent, and 13 percent, respectively, with the taxman attributing this to reduced profitability of these businesses.

One of the reasons for the drop in taxes paid by these sectors was an increase in provisioning for non-performing loans in the banking sector that spiked as a result of high default rates.

"The other reason [for the reduced profitability] was forex losses arising from a depreciated exchange rate, especially in the first half of the financial year 2023/24," said Mr Wattanga in a statement.

"Weak demand for manufactured goods affected by high retail prices that were a result of the high cost of inputs (mainly import driven), high energy costs, etc," he added.

Pay- as- you- earn , which is paid by salaried employees, increased by 9.7 percent to Sh543.2 billion.

There was increased collection of VAT on domestic products which saw the taxman net Sh314.2 billion from this tax head.

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Diversity. |

Two ethnic communities dominate Ketraco staff

Edwin Mutai

The Kalenjin and Kikuyu communities dominate jobs at the Kenya Electricity Transmission Company (Ketraco) at 40.3 percent, a new report tabled in Parliament shows, leaving the rest to scramble for the remaining slots.

The report, tabled to the Senate Committee on National Cohesion and Equal Opportunity shows that Kalenjin community takes the biggest chunk of Ketraco workforce at 128 out of the total staff of 540.

Members of the Kikuyu community have 90 slots while Luhya comes in third with 69 positions and Luo (56).

Kamba community holds 48 positions at Ketraco, Maasai (26), Kisii (25), Meru (17), Mijikenda (12), Somali (12), Taita (five), Embu (five), Teso (four), Tharaka and Samburu (three each), Mbeere, Kuria and Borana (two) and Turkana, Taveta, Pokomo and Dasenach (one each).

"The company had 22 ethnic group representation in the workforce as of March 31, 2024. There were 540 members of staff," John Mativo, Ketraco managing director, said in submissions to the committee chaired by Marsabit Senator Mohammed Chute.

Ketraco has been allowed to hire 910 staff but currently only 540 of them are in employment.

"The ratio between the national population and employment proportion in the institution based on the 2019 population census shows that 134 Kalenjin or 24.81 were represented in Ketraco against 13.37 percent in the census" the report added.

In the report to the Senate committee, the Kikuyu community had 90 staff in Ketraco representing 16.67 percent against their national population census of 17.13 percent.

Communities that are overrepresented in Ketraco are Luo (11.3 percent), and Maasai (five percent) while those underrepresented are Somali (2.22 percent), Mijikenda (2.22 percent), Meru (3.52 percent) and Tharaka (0.55 percent)

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