

# Growing tomorrow's economy

## Tax policy & administration

National Budget 2012/2013

## Customs and Excise Changes

Supporting development and reforming the tax system for efficiency and effectiveness

### Customs Duty changes

*Customs Services to be autonomous*

*Customs Services to be an autonomous entity*

The Minister has proposed to establish the Customs Services as an autonomous entity in line with the EAC Common Market Protocol.

This could be a welcome move as it may enhance efficiencies in Customs administration.

### *Changes in duty rates*

The Minister has proposed to reduce the duty for the following items to 0%:

#### *i. Set-top boxes*

This is aimed at making the anticipated migration from analogue to digital televisions affordable.

#### *ii. Imported software*

It is now clear all imported software is exempt from duty.

Previously the exemption was pegged on the medium in which the software was packaged in.

#### *iii. Inputs for manufacture of medical diagnostic kits*

#### *iv. Food supplements*

This will make imported food supplements more affordable and address nutritional problems.

#### *v. Inputs for use in bee-keeping activities*

In a bid to encourage bee-keeping and being cognisant of the fact that this has become a major source of livelihood, the Minister has exempted all imported inputs for use in this economic activity.

### *Protecting the steel industry*

In order to caution iron and steel manufacturers against cheap imports, the duty rate on galvanised wire has been increased from 0% to 10%.

### **Excise Duty changes**

#### *Retail Selling Price (RSP)*

The Minister has now published Regulations empowering the Commissioner to determine the RSP to be used in computing the *ad valorem* excise duty on beer and wine. This RSP will be determined and published on a quarterly basis.

*RSP for excise duty on beer and wine to be determined by the Commissioner*

*Harmonisation of tariff codes in the Excise Act with the EACCMA*

*Lower duty rates on set-top boxes*

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This follows the amendment in the Finance Act 2011 changing the basis of determining the value for excise tax purposes on beer and wine, from ex-factory selling price to RSP.

### *New Excise Act?*

The Minister has promised that in order to simplify and modernise, the Customs and Excise Act will be reviewed and revised by June 2013.

### *Excise Licences*

The Commissioner now has 30 days in which to respond to an application for an excise license, failure to which the license will be deemed granted.

### *Other Changes*

- Upon assessment of duty, taxpayers will now be required to pay only 30% (as opposed to the previous 100% requirement) of the duty in dispute when making an appeal to the Tribunal.
- Some minor changes have been introduced with regards to the rates of excise duty.