

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

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

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.

National Budget 2012/2013

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.