

Tax Alert

National Industrial Training Authority (NITA) Levy

The Directorate of Industrial Training has recently transformed into the National Industrial Training Authority (NITA) and they are more aggressive in enforcing collection of the training levy.

The Industrial Training Levy Fund is established under Section 5 of the Industrial Training Act and is intended to operationalise the third objective of the National Industrial Training Authority i.e. sharing the cost of training as evenly as possible between employers.

In exercise of the powers conferred by section 5B(1) of the Industrial Training Act, the Minister for Labour and Human Resource Development makes an Order (cited as the Industrial Training Levy Order, 2007).

The Order under the Legal Notice No.113 of 14 June 2007 requires a person who is an employer at the commencement of the Industrial Training Levy Order, 2007 to unless already registered with NITA, apply to be registered (in a specified Form) and to pay Industrial Training Levy at the rate of KES 50 per employee per month from July 2007, or within thirty days of becoming an employer. The Director shall issue a certificate of registration to an employer registered under this Order.

Employer registration

The Industrial Training Act makes a provision for the industrial training levy and requires a person who is an employer to register and contribute to the industrial training levy.

Only employers in the Hotel & Restaurant industry (registered under Hotels and Restaurants Act Cap 494 of Kenya) are exempt since they pay Hotel & Catering levy.

What are the employer's obligations?

All employers are required to pay to the Directorate of Industrial Training a monthly levy of fifty shillings per employee on or before 10th of the following month. Payment of the levy due should be accompanied by a monthly return in the prescribed Form.

Are there benefits for the employer?

NITA acts to ensure that all the costs of industrial training are shared as evenly as possible between the employers.

Reimbursement of training expenses

Subject to approval by NITA, employers who are registered with NITA and are up to date on levy payments can get reimbursement of training costs if;

- The employer makes an application to NITA two weeks before the training i.e. for local training and one month for overseas training.
- The training provider is registered with the NITA and is up to date with the annual registration renewal.
- Employer can prove that the training is relevant to the employees duties/work

The reimbursement claim must be supported with receipts of payment of training costs and the approval letter from NITA.

What are the consequences for non-compliance?

Failure to pay the training levy attracts a 5% penalty on the amount due. The levy due under the Industrial Training Levy Order, 2007, plus the five percent penalty on unpaid levy is recoverable summarily by the Director as a civil debt due to the Industrial Training Levy Fund.

Concluding remarks

We have only highlighted the key points for your information but please contact us if you require further information.

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