

STRATEGY

Kenya fronts tax incentives to attract Indian investments

This is under the National Industrialisation Policy 2012-2030.

In Summary

- KNCCI also says Indian firms stand to benefit from the African Continental Free Trade Area.
- There are currently over 200 Indian companies present in various sectors of Kenya's economy.



KNCCI president Erick Rutto/HANDOUT

Kenya is eying more investments from India as the country's chamber of commerce fronts the National Industrialisation Policy 2012-2030 as an enabler for Foreign Direct Investments (FDI).

This is mainly on the tax incentives that the policy come with, among them a 10-year tax holiday for investors in Special Economic Zones and Export Processing Zones.

Investors then start paying a 15 per cent corporation tax for 10 years before reaching the 30 per cent cap.

Licensed SEZ enterprises, developers and operators also benefit from other tax rebates such as exemption from excise duty, customs duty, value-added tax and stamp duty.

There are also no tax or restriction on foreign investors for repatriation of profit.

The Kenya National Chamber of Commerce and Industry (KNCCI) is courting Indian firms to invest in manufacturing, apparel, clothing, renewable energy, mining and agro-processing, among other sectors.

“We invite the Indian industry to participate in Kenya Vision 2030 which aspires to transform Kenya into a middle income rapidly-industrialising country. Kenya is a safe place for foreign investors and Indians have been doing business in the country for more than 120 years,” KNCCI president Erick Rutto said.

He spoke during a luncheon meeting at the World Trade Centre Mumbai. The meeting was organised by WTC Mumbai and All India Association of Industries (AIAI).

There are currently over 200 Indian companies present in various sectors including manufacturing, pharmaceuticals, telecom, IT, banking and agro-based industries in Kenya.

Notable firms include Bank of Baroda, Bank of India and KenIndia Assurance, and private companies like Bharti Airtel, Air India, Indigo Airlines, Tata Motors, Tata Chemicals, and Mahindra & Mahindra.

India is the third largest trading partner with Kenya after China and the UAE, with bilateral trade being valued at \$ 3.39 billion (Sh440.7 billion) as of last year.

Rutto called on India's technical cooperation for developing industrial clusters and parks to promote Kenya's manufacturing and MSMEs.

According to Rutto, Indian firms stand to benefit from the African Continental Free Trade Agreement (AfCTA).

He also called for public private partnership (PPP) projects in infrastructure sectors such as water, solar energy, wind energy, hydro-power, geothermal, ports, roads, railways among others.

Kenya is expected to invest at least \$4 billion (Sh520 billion) in the infrastructure sector in the next decade.

“We want Indian companies to participate in this opportunity, Rutto said.

India's EXIM Bank has extended \$ 250 million (Sh32.5 billion) line of credit for industrialisation in small and medium enterprises (SMEs).

This offers huge export opportunity for Indian companies as 85 per cent of the project equipments should be sourced from India, under the terms of this line of credit.

MVIRDC World Trade Center Mumbai chairman Vijay Kalantri said:” Indian companies should consider Kenya as the gateway to the East Africa and also to the entire Africa.”