



COUNTY GOVERNMENT OF NAKURU
DEPARTMENT OF FINANCE AND ECONOMIC PLANNING



Telephone: (051) 2214142
Email: www.nakuru.go.ke
Fb: nakuru county government-official
twitter: @nakurucountygov

Office of the Chief Officer
Economic Planning
P.O. Box 2870-20100
Nakuru

When replying please quote

Our Ref: NKR.C/CO.Planning/BGT/Vol.VI/23

10th March, 2023

TO: ALL CHIEF OFFICERS,
NAKURU COUNTY

RE: **GUIDELINES FOR PREPARATION OF FINANCE BILL 2023**

A) PURPOSE

1) The purpose of this guideline is to advise the County Departments on their submission/input for the formulation of 2023 Finance Bill so as to comply with the Constitution and the relevant legislations.

2) The guidelines are issued pursuant to Section 132 of the PFM Act 2012 which seeks to institute revenue raising measures for the County Government to enable it meet its obligations as set out in the Constitution and contained in the 2023/2024 annual estimates. The guidelines purpose to align formulation of the County Finance Bill 2023 to the guidelines issued by the National Treasury under correspondence Ref. CONF/MoF/51/08/34/E dated 21st May, 2015.

B) BACKGROUND

3) The Finance Bill 2023 is being prepared at a time when the economy is on a downturn occasioned by high cost of living and increased cost of doing business. The new County Administration is also keen on ensuring business people and all traders pay their taxes, fees and charges in a simplified process that includes among others coming up with a unified Trade license to avoid multiple licenses.

4) The 2019 Finance Act and subsequent Gazettement of charges will be the reference documents for any amendment. The County Government of Nakuru has made tremendous progress in enactment of legislation on revenue collection and this together with enacted legislation at National level will inform the

preparation of the Finance Bill and references thereon. In light of this, the formulation of the 2023 County Finance Bill will entail among others reviewing of Sections in existing County Legislations guiding revenue collection by proposing deletions, additions or amendments in addition to repealing Schedules in the 2019 Finance Act.

5) The National Government Legislations i.e., the Mining Act of 2016, directions and resolutions of the defunct Local Authorities and reference thereon may continue to form a point of reference in the formulation of Finance Bill 2023 in areas where County Legislations are yet to be enacted pursuant to the Sixth Schedule of the Constitution. The County Government by virtue of the above will continue administering revenue collection until new Acts complimenting the revenue have been gazetted.

6) To date, the County Government has enacted the following Laws which should form the basis of cross referencing in preparation of Finance Act 2023:

1. The Nakuru County Zoning and Parking Act, 2016
2. The Nakuru County Fire and Rescue Services Act, 2016
3. The Nakuru County Betting, Gaming and Lotteries Act, 2014
4. The Nakuru County Outdoor Advertising Act, 2016
5. The Nakuru County Health and Sanitation Act, 2017
6. The Nakuru County Finance Act, 2016
7. The Nakuru County Alcoholic Drinks Act, 2014
8. The Nakuru County Public Entertainment and Amenities, 2014
9. The Nakuru County Revenue Administration Act, 2016
10. The Nakuru County Tea Cess Act, 2021
11. The Nakuru Revenue Authority Act, 2021

C) FORMAT AND CONTENT OF THE COUNTY FINANCE BILL

7) County Government Departments should provide their inputs/submissions in the format provided in Annex I. The basis of formulating the 2023 Finance Bill will be: -

- a) Proposed amendments, additions or deletions of taxes, user charges and licenses in Annex I will be the existing Schedule in 2023 Finance Act which lists existing taxes, license and charges within County Departments.
- b) Proposed amendments, additions or deletions of Sections of existing County Legislations/Acts e.g. The Nakuru County Alcoholic Drinks Act of 2014. Please note that your input on the latter will be mainly on substance; the form of which will be provided by the Office of The

County Attorney. Note that the latter is expected to bridge the lacuna in the existing County Legislations.

D) LEGAL BASIS FOR TAXES, FEES AND USER CHARGES

8) The enacted County Legislation as listed above will form the basis of cross-referencing in the formulation of 2023 Finance Bill. In the absence of County Legal Framework, the National Legislation on the subject i.e., Public Health Act, or Savings by County Government will form the basis of cross referencing. Further, Departments should propose areas of Legislation where there is no existing Law complementing revenue collection while consulting with Legal Department.

E) PURPOSE OF COUNTY FINANCE BILL

9) The Bill intends to create an enabling business environment for increased investment and economic growth in keeping with post COVID 19 recovery strategies. In this respect, County Departments should classify proposals to be incorporated in the Finance Bill into taxes, user fees & charges and license as per the County Treasury guidelines provided in Annex I. This requires justification on how the levies will be applied during public participation e.g., collection of cess for improvement of feeder roads etc.

F) CHARGES FOR FUNCTION AND SERVICES THAT HAVE BEEN DEVOLVED UNDER LEGAL NOTICE 16 AND 157 AND SUBSEQUENT GAZETTEMENT

10) Departments should appraise their proposals to include charges and levies for the devolved functions. This includes betting and casino, weight and measures, fee for Vocational Training Institutions etc. Departments are reminded that charging outside the Finance Act will be void and hence not enforceable.

G) NATIONAL LEGISLATION AND POLICY DIRECTION

11) County Departments are to consider parameters provided in the National Acts i.e., Public Health Act, Crop Act, AFA Act etc. as a basis of amendments to the existing schedule.

H) RECOMMENDATION BY COUNTY DEPARTMENTS PURSUANT TO SECTION 132(3) OF THE PFM ACT

12) Any recommendations made by County Departments to the appointed Committee for this purpose should:

- a) Consider the principles of equity, certainty and ease of collection.
- b) Consider the impact of the proposed changes on composition of tax revenue with reference to approved estimates.

- c) Consider regional and national tax trends.
- d) Consider the impact on development, County investment, employment and economic growth.
- e) Take into account provisions of Article 209 of the Constitution.
- f) Consider existing and potential tax bases.

I) HARMONIZATION OF TAXES, FEES AND CHARGES

13) The County Departments should strive to rationalize charges payable in a given sector with due consideration of burden to the tax payers. Multiplicity of charges should be eliminated, for example, slaughter fee and meat inspection being charged for the same service.

14) Departments are also called upon to advice on consolidation of licenses, fees and charges. This should be done with the view of coming up with a unified Trade license/charges as espoused by the new County Administration.

J) PUBLIC PARTICIPATION

15) The Finance Bill 2023 on its formulation will be subjected to public participation as provided for in Article 196 (1)(b) of the Constitution and Nakuru County Public Participation Act, 2016. Departments are requested to provide staff to participate in the process.

K) CAPACITY BUILDING

16) Capacity building is critical for implementation of the resulting product. However, involvement in the formulation process is the key to accurate interpretation and application of the Act. In this respect, you are advised to engage the membership of the various Directorates in the preliminary stages of the formulation process. The County Treasury will organize a forum for the dissemination and discussion of the various inputs before its compilation pursuant to Section 5 (b) of the Nakuru County Public Participation Act, 2016.

CONCLUSION

All County Departments are therefore asked to finalize their proposals based on this guideline and ensure compliance. In addition, all Departments should familiarize themselves with the Finance Act 2019, Constitution of Kenya, Public Finance Management Act, 2012 and Legislation enacted by the County Assembly for the above purpose.

Finally, Accounting Officers are supposed to bring the contents of this Guideline to the attention of all relevant Officers working under them. Submission of proposals in the prescribed format should be submitted to the County Treasury **ON OR BEFORE 16TH MARCH, 2023.**

Soft copies of Annexures I and II are available at the County Treasury.



CPA Everlyne B. Kakai
Chief Officer Economic Planning
NAKURU COUNTY

C.C

County Secretary & Head of Public Service
ALL CECs
County Receiver of Revenue
County Attorney

ANNEX I

PROPOSED FORMAT OF THE COUNTY FINANCE BILL

The proposed format of the Finance Bill 2023 and examples is as follows:

SCHEDULE I: TAXES

Item	Description	Legislation	Condition	Unit of Measure	Amount
1. Property Tax					
1.1	Charge on Ratable property	Legislation Imposing tax	For the Year (xx)	Per acre, per plot, Rate struck	xx%
1.2	Discount		If rate is paid on or before due date		xx%
1.3	Interest		If rate remains unpaid after due date		xx%
2. Entertainment Description					
2.1	[Entertainment description] ... film shooting,	Legislation Imposing tax	For the Year (xx)	Per day	xx%

SCHEDULE II: FEES FOR LICENSE AND PERMITS

Item	Category	Legislation	Condition	Amount
1. Trade License				
1.1	(Category of Trade License, for example, "Distributors, Traders, Wholesalers, Supermarkets, Hypermarkets, Department Stores, Showrooms, Boutiques, Retail shops and Stores, Chemists, Takeaway Butcheries, Personal Service Providers, Kiosks")	Legislation Imposing license or permit		
1.1.1	(Sub category of Trade license, for Example Hypermarket premises construction over an area of 625m2)	Legislation Imposing license or permit		Zone A Zone B Zone C Zone D
X. Additional Fees and Penalties				
2.1	Interest	Legislation	If fee remains unpaid after the due date	Ksh. xx

SCHEDULE III: CHARGES FOR SERVICES

Item	Description of Fee or Charge on Service	Legislation Imposing Fee or Charge for Service	Unit of Measure	Amount of Fee or Charge
1. [Category, for example, Transportation Service]				
1.1 [Sub category, for example, Public Service Vehicle]				
1.1.1	[Insert description of fee or charge on service]	[Insert section of Legislation in question]		Ksh xx
2. Additional Fees and Penalties				
2.1	Description of penalty			

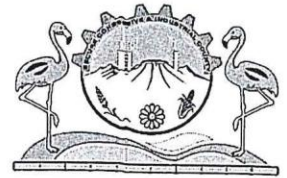
ANNEX II

REVENUE CATEGORIZATION

County Revenue Category	Description	Constitutionally Granted To Counties	Exhaustively Listed In Constitution
Tax	A tax is a compulsory payment that does not necessarily involve the use or derivation of direct benefit from services, regulation or goods. Cess and levies in most instances are taxes.	<ul style="list-style-type: none"> ➤ Property tax ➤ Entertainment tax 	Yes. Only Parliament has power to grant additional taxes.
License/Permits	Fees charged in respect of permission granted to an entity to undertake a certain action. It is mainly enforced for regulatory purposes. They should not interfere with private behaviour.	<ul style="list-style-type: none"> ➤ Trade License (Single Business Permits) – licensing and control of undertakings that sell food to the public. ➤ Control of pollution and public nuisances. ➤ Outdoor advertising. ➤ Liquor licensing. ➤ Dog licenses. 	NO. If the responsibility for the implementation of a function rests with the County, then they should have the tools to regulate them, provided that the Cabinet Secretary, National Treasury and Commission on Revenue Allocation have reviewed the related fees.
User Charges	Compensation in fair approximation of the cost of the benefits and services supplied by the County.	<ul style="list-style-type: none"> ➤ Parking fees. ➤ Game Park entry fees. ➤ Fees for use of assets including abattoirs, hospitals and clinics, water and sewerage, use of County Halls and arenas. 	NO. Could logically include things such as market fees, cemeteries, crematoria and others provided that the County Government can demonstrate that the fee is for a function of the County Government and that the fee is reasonable in relation to the Service.



REPUBLIC OF KENYA
COUNTY GOVERNMENT OF NAKURU
DEPARTMENT OF FINANCE AND ECONOMIC PLANNING



Telephone: (051) 2214142
Email: www.nakuru.go.ke
Fb: nakuru county government-official

CEC – Finance & Economic
Planning
P.O. Box 2870-20100
Nakuru
twitter: @nakurucountygav

REF: NKRC/CEC FIN/FB/VOL.II/5

Date: 21st March, 2023

TO: All Chief Officers
NAKURU COUNTY

RE: ADDENDUM ON GUIDELINES FOR PREPARATION OF FINANCE BILL 2023

The County Treasury issued Guidelines on Preparation of Finance Bill 2023 REF: NKRC/CO.Planning/BGT/Vol.VI/23 dated 10th March 2023. Further to the guidelines above the County hereby issues an addendum as follows;

Unified Business License

In order to improve compliance in business licensing, reduce administrative work and help business flourish in the County. There is need to consolidate multiple charges with the aim of reducing the number of licenses issued to operate a business into a Single Business Permit Regime. This new permit will be referred to as the Unified Business License with various categories as proposed below.

i. Category 1 License

Business permit, Fire Permit and Advertising for all business.

ii. Category 2 License

Business permit, Fire Permit and Advertising, Food Hygiene, Health Certificate. This category largely relate to lodging with restaurant/bar; Restaurant with bar &

alcohol manufacturers; Eating house/snack bar/tea house; Bar; Night club/casino; Supermarket and Butchery/grocery.

Attached is a template to guide Departments on the intended consolidation of licenses required for sample Businesses.

Legal Timelines

The county is required to submit the finance bill together with budget estimates by 30th April each year as per the PFM Act 2012. You are therefore required to submit final proposals in the prescribed format to the County Treasury **ON OR BEFORE 31ST MARCH, 2023 without fail.**

Finally, you are required to bring the contents of this addendum to the attention of all relevant staff working under you and ensure strict compliance.

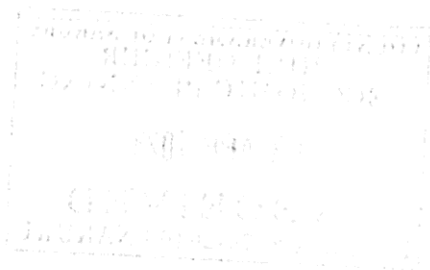


S. IRIBE NJOGU

CECM, FINANCE & ECONOMIC PLANNING
NAKURU COUNTY

Copy to:

County Secretary & Head of Public Service
ALL CECs
County Receiver of Revenue
County Attorney



ANNEX III

Categorization of licenses required for Unified Business License

S.No	CATEGORY	SBP	FIRE	ADV	FOOD HYGIENE	LIQOUR	HEALTH	FOOD HANDLERS	BETTING
1.	Transport Companies	✓	✓	✓					
2.	Petrol Filling Stations	✓	✓	✓					
3.	Storage Facilities	✓	✓	✓					
4.	Private Vehicle Parking	✓	✓	✓					
5.	Communication Companies	✓	✓	✓					
6.	Agricultural Producer/Processor/Dealer	✓	✓	✓					
7.	Mining Companies	✓	✓	✓					
8.	Lodging/Hostel Facilities	✓	✓	✓					
9.	Lodging with Restaurant and/or Bar	✓	✓	✓	✓	✓	✓	✓	
10.	Restaurant with Bar and Alcohol Manufacturers	✓	✓	✓	✓	✓	✓	✓	
11.	Eating House/Snack Bar/ Tea House	✓	✓	✓	✓	✓	✓	✓	
12.	Bar	✓	✓	✓	✓	✓	✓	✓	
13.	Night Club/Casino	✓	✓	✓	✓	✓	✓	✓	✓
14.	Professional Services Firm	✓	✓	✓					
15.	Financial Services	✓	✓	✓					
16.	Cyber Cafes/Bureau	✓	✓	✓					
17.	Educational Institutions	✓	✓	✓					
18.	Health Facilities Code	✓	✓	✓					
19.	Entertainment Facilities	✓	✓	✓					
20.	Industrial Plant/Factory	✓	✓	✓					
21.	Workshop	✓	✓	✓					
22.	Supermarket	✓	✓	✓	✓	✓	✓	✓	
23.	Butchery/Grocery	✓	✓	✓	✓	✓	✓	✓	
24.	Kiosk	✓							
25.	Informal Sector	✓							
26.	General Trader	✓	✓	✓					