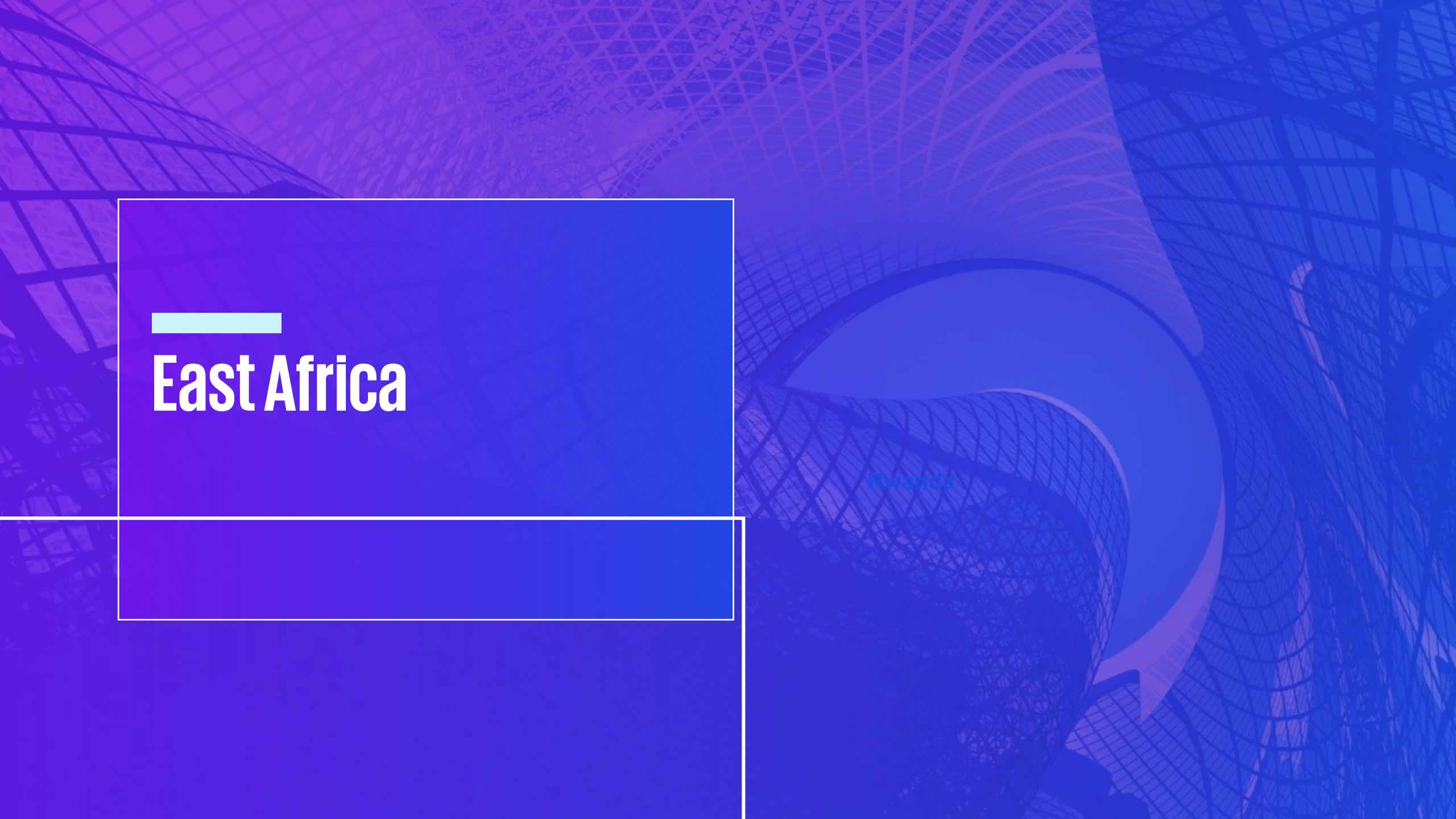




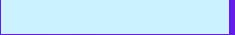
# Inside Africa's Tax Landscape - East Africa

2025 KPMG Africa Tax Summit



# East Africa

Rwanda



# Ethiopia

# Key legislative changes in East Africa (cont'd)

## Ethiopia

- Reduction of the minimum presence threshold for establishing a permanent establishment in Ethiopia from 183 days to 91 days.
- While the corporate income tax rate remains unchanged at 30%, an Alternative Minimum Tax (AMT) has been introduced to ensure a minimum tax contribution of 2.5% of turnover.
- Advance profit tax payments, which were previously optional and made semi-annually, have now been made mandatory and must be declared on a quarterly basis.

# Key legislative changes in East Africa (cont'd)

## Ethiopia

- Income earned from digital content creation is taxable, with its classification depending on the nature of the activity. If carried out professionally, the income falls under the business income tax regime; if not, it will be treated as “other income” and subjected to a final withholding tax of 15%.
- Requirement for government entities to report details of foreign employees, including non-diplomatic embassy and international organization staff, to enhance tax compliance.

# Key legislative changes in East Africa (cont'd)

## Ethiopia

- Introduction of taxation on gains on indirect transfer of Ethiopian assets through offshore or intermediary holding entities.
- Introduction of a stricter framework on Income Tax Incentives and Tax Exemptions thus only exemptions granted under the Income Tax Proclamation, its implementing regulations, and the Investment Incentive Regulation are considered valid.

---

# South Sudan

# Key tax updates in East Africa

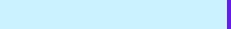
## South Sudan

- Introduction of withholding tax on ancillary services to rent, such as room service and housekeeping.
- Increase in withholding tax rates on government contract payments from 5% to 15% for residents and from 5% to 20% for non-residents.
- Introduction of a 10% withholding tax on mobile money commissions paid to dealers.
- On 13 February 2025, the SSRA Commissioner General issued a circular suspending the 30% surtax on Personal Income Tax (PIT) – there is no longer a requirement to remit or account for surtax for employers until further notice.

# Key tax updates in East Africa (cont'd)

## South Sudan

- Setting of the Customs Valuation exchange rate to the prevailing official Bank of South Sudan (BOSS) rate - previously, it was fixed at SSP 300 per US Dollar.
- Exemption of Social Insurance contributions from Personal Income Tax (PIT) - employers are no longer required to withhold PIT on Social Insurance payments when an employee exits.



# Kenya

# Key tax updates in East Africa

## Kenya

- Introduction of the Housing Levy of 1.5% for both employers and employees.-All income
- Mandatory real-time electronic invoicing (e-TIMS) across most sectors.
- Limitation on carry forward of tax losses to 5 years with an option of applying for extension by an additional 5 years.
- Replacement of Digital Service Tax with Significant Economic Presence Tax. Taxable value is 10% of the gross turnover subjected to tax at 30%.

# Key tax updates in East Africa (cont'd)

## Kenya

- Introduction of a domestic minimum top-up tax (MTT) applicable to entities that are part of a group with a turnover of at least EUR 750M where the combined effective tax rate in respect of that person for a year of income is less than 15%.
- Non-resident entities dealing with related resident persons, their permanent establishments, or residents transacting with related parties in preferential regimes may enter into Advance Pricing Agreements (APAs) with the Commissioner for 5years.

# Key tax updates in East Africa (cont'd)

## Kenya

- Country by Country Reporting notification requirement for Multinational Enterprises resident in Kenya with a gross turnover of KES 95B (approximately EUR 750M) and above.
- Empowerment of the Commissioner to issue Agency Notices to non-resident persons with tax debts in Kenya.



# Uganda

# Key tax updates in East Africa

## Uganda

- A 10% withholding tax (WHT) on commissions paid to payment service providers was introduced under the Income Tax (Amendment) Act, 2025.
- Increase in refund claim threshold for overpaid tax to UGX 10 m (2,800 Usd)from 5 m (1,400Usd).
- Exemption of tax on income earned by a startup owned by Citizens with investment capital of less than 500 Million Shillings (140,700 Usd).

# Key tax updates in East Africa (cont'd)

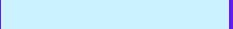
## Uganda

- Use of NINs, BRNs and TINs issued by Tax Treaty party States as Tax identification Numbers.
- Waiver of Interest and penalty outstanding as of 30 June 2024 upon payment of principal tax by 30 June 2026.
- Payment of tax due in case of failure to comply with the requirements for tax exemption.

# Key tax updates in East Africa (cont'd)

## Uganda

- Introduction of Import Declaration fee of 1% on all imports for home use.
- Introduction of Infrastructure levy on all imports for home use.
- Removal of Stamp Duty on an agreement or Memorandum of an Agreement, mortgage deed, and Mortgage of a crop.



# Rwanda

# Key tax updates in East Africa

## Rwanda

- Increase in the mandatory pension contribution from the 6% to 12%, this change took effect in January 2025.
- Introduction of digital service tax at 1.5% of the gross revenue on companies providing digital services in Rwanda with substantial national presence.
- Extension from import duties and VAT on imported and locally assembled electric and hybrid vehicles.
- Increase of the capital gains tax on direct and indirect transfer of shares and related securities from 5% to 10%

# Key tax updates in East Africa (cont'd)

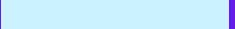
## Rwanda

- Decrease of CIT from 30% to 28%.
- Introduced a 1.5% digital service tax on companies supplying digital services with substantial national presence.
- Exempted from value-added tax (VAT) imported fully electric vehicles and charging station equipment up to 30 June 2028
- Imposed VAT on information, communication and technology equipment services that were previously exempt from VAT

# Key tax updates in East Africa (cont'd)

## Rwanda

- VAT exemption on certain goods and services, including pharmaceutical products, books, education materials, livestock insurance services, financial and health services determined by a Ministerial Order.
- Introduced a 15% excise duty on financial transactions and cosmetic products.
- Imposed a 40% tax on companies engaged in gaming activities based on the difference between the wagers and winnings awarded and 25% withholding tax on player winnings.



# Tanzania

# Key tax updates in East Africa

## Tanzania

- Withholding tax (WHT) at the rate of 3% on exchange or transfer of digital assets made to resident persons by unutilized retained earnings are deemed as distributed.
- WHT at the rate of ten percent (10%) on retained earnings and unutilized earnings are deemed as distributed.
- The withholding tax rate on insurance premium payments made to non-resident persons has been increased from 5% to 10%.
- Amendment on the technical interpretation of the term “Equity” to include “Positive Retained Earnings“.

# Key tax updates in East Africa (cont'd)

## Tanzania

- Alternative Minimum Tax (AMT) rate doubled from 0.5% to 1% of chargeable income for companies with unrelieved losses for three consecutive years, aimed at safeguarding government revenue.
- Introduction of a VAT withholding Agent for the Ministry of Finance, government entities, and registered persons to withhold 3% on goods and 6% on services supplied to them.

# Key tax updates in East Africa (cont'd)

## Tanzania

- Revision of VAT on online purchases by unregistered persons in Mainland Tanzania to attract 16% VAT, payable through banks or approved electronic payment systems.
- The 10-year corporate income tax holiday which is granted to businesses operating in Export Processing Zones (EPZs) and Special Economic Zones (SEZs) will not apply if the goods or services produced are sold in the domestic market.



*\* All professional services are provided by the registered and licensed KPMG member firms of KPMG International. KPMG US does not provide legal services, and these services are provided only by KPMG member firms in Latin America that are permitted to do so by law. KPMG Americas does not provide professional services to clients and does not participate in client engagements.*

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

[kpmg.com](http://kpmg.com)



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit [kpmg.com/governance](http://kpmg.com/governance).

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Throughout this document, "we", "KPMG", "us" and "our" refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity.

Document Classification: Public