

United Nations Nations Unies

LETTER

LETTRE

UNITED NATIONS OFFICE AT NAIROBI
PROCUREMENT SECTION

Ref: LTR/2019/323

Date: 30 September 2019

To: All Vendors

Dear Sir/Madam,

Re: Notice to all Vendors on Value Added Tax and Excise Duty

Value Added Tax (VAT)

UNON wishes to draw your attention to the provisions of the VAT Act, 2013, 2nd Schedule, Part B 'Zero Rated Supplies to Public Bodies, Privileged Persons & Institutions', Paras (3) and (5), which places all taxable supplies (goods and services) for the official use of the United Nations Funds, Programmes and Specialized Agencies or for the support of a project in Kenya in the ZERO RATED category.

This means that vendors, carrying our business with the United Nations Funds, Programmes and Specialized Agencies for the reasons set out in the paragraph above, are required to indicate 0% VAT on their invoices. The purchase orders or contracts issued by the United Nations or its specialized agencies will serve as the basis for the zero rating when vendors are accounting for VAT with the Kenya Revenue Authority.

Please note that as of the 7th October 2019, the United Nations Funds, Programmes and Specialized Agencies based in or operating from Kenya will no longer accept invoices reflecting any VAT rate on its invoices other than 0%, or process VAT exemption claims as in the past.

In cases prior to 7th October 2019 where goods and services have been acquired and VAT charged, vendors should refund the tax paid by the United Nations organization and make adjustments through the issuance of credit notes under Section 16 (1) of the VAT Act 2013 and ensure that the credit note is issued within six months after the issue of the relevant tax invoice as stipulated by the Act.

UNON therefore request all vendors who are suppliers of taxable goods or services to ensure that the legal provisions of the law are applied both to the United Nations Funds, Programmes and Specialized Agencies based in or operating from Kenya, as well as their staff (see paragraph (4) of the same Act).

Excise Duty

Similarly, in relation to the provisions of The Excise Duty Act, 2015, Second Schedule, Part B paragraph 1 (a) and (b), excisable services supplied in Kenya to an international organization, or aid agency to the extent provided for under an international agreement or the Privileges and Immunities Act (Cap 179), United Nations Funds, Programmes and Specialized Agencies as well as their officials are exempt from excise duty.

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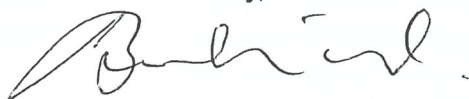
UNON therefore request all vendors who are suppliers of excisable services to ensure that the legal provisions of the law are applied both to the United Nations Funds, Programmes and Specialized Agencies based in or operating from Kenya, as well as their staff (see paragraph (4) of the same Act).

Clause for Procurement: *Purchase Orders and Contract documents issued by UN Offices in Kenya will contain the following standard language.*

All taxable supplies (goods and services) to the United Nations Funds, Programmes and Specialized Agencies based in or operating from Kenya are exempt from Value Added Tax (see the VAT Act, 2013, 2nd Schedule, Part B 'Zero Rated Supplies to Public Bodies, Privileged Persons & Institutions', Paras (3) and (5)). Vendors are therefore required to present invoices without a tax element, i.e. indicate 0% VAT on all invoices. The purchase orders or contracts issued by the United Nations Funds, Programmes and Specialized Agencies will serve as the basis for the zero rating when vendors are accounting for VAT with the Kenya Revenue Authority.

In addition, United Nations Funds, Programmes and Specialized Agencies based in or operating from Kenya are exempt from excise duty (see The Excise Duty Act, 2015, Second Schedule, Part B paragraph 1 (a) and(b)).

Yours sincerely,



Biruk Kibret, Chief
Procurement Section, UNON