



Plan International Inc.
Methodist Ministries Centre, Block C
Oloitokitok Road, Lavington

P.O. Box 14202 (00800), Nairobi, Kenya
Tel: (+254) 20 2761000, 722 201293
Email: pji@plan-international.org

Date: 21 November 2024

TO ALL SUPPLIERS/VENDORS

Dear Supplier/Vendor,

NOTIFICATION ON ZERO-RATED SUPPLIES MADE TO PLAN INTERNATIONAL INC.

Reference is made to the above matter.

We are writing to inform you that, pursuant to directives from the Kenya Revenue Authority (KRA) and the Ministry of Foreign Affairs, all supplies made to Plan International Inc. (**Plan**) are required to apply zero-rated value-added tax (VAT) for all supplies made to Plan. Please refer to the enclosed KRA letter dated 31 July 2024, which confirms this requirement.

Accordingly, you are no longer required to charge VAT on invoices issued to Plan. Going forward, all invoices should reflect a VAT rate of zero. When submitting invoices or eTIMs invoices, please ensure you reference KRA PIN number: **P052230093V**.

Please be advised that Plan will not be responsible for reimbursing any VAT that may be incorrectly billed, nor will Plan provide any support in claiming or reversing any such VAT entries. Additionally, you are required to indemnify Plan against any costs or liabilities arising from non-compliance with this directive.

We look forward to your cooperation.

Yours faithfully

A handwritten signature in blue ink that reads "Hassan Ali Farah".

Hassan Ali Farah
Director of Corporate Services and Government Relations
Plan International Inc.
Nairobi, Kenya.

Telephone: +254-20-318888
Fax: +254-20-2240066/341935/344333
Email: communication@mfa.go.ke
Website: www.mfa.go.ke
When replying please quote Ref. No. and date



HARAMBEE AVENUE
P.O. Box 30551-00100
NAIROBI, KENYA

MINISTRY OF FOREIGN AFFAIRS

Ref. No. **MFA/PRIV/1. VOL. IX (71)**

The Ministry of Foreign and Diaspora Affairs of the Republic of Kenya presents its compliments to all Diplomatic Missions in Nairobi and has the honor to forward an advisory on zero-rated supplies under paragraphs 2(3) and (4) of part B of the second schedule to the VAT Act as issued by the Kenya Revenue Authority, Commissioner of Domestic Taxes.

The advisory follows a request by several diplomatic missions seeking for a letter of authorization for local vendors and suppliers to ensure invoices issued for all taxable supplies indicate zero-rated supplies.

The Ministry of Foreign and Diaspora Affairs of the Republic of Kenya avails itself of this opportunity to renew to all Diplomatic Missions in Nairobi the assurances of its highest consideration.

3rd September, 2024

All Diplomatic Missions
NAIROBI.





Our Ref: KRA/DTD/P&TA/ S1/5002/1/II

31st July 2024

Your Ref: MFA/PRIV/VOL.III (35)

The Principal Secretary,
Ministry of Foreign and Diaspora Affairs,
Old Treasury Building, Harambee Avenue,
P.O. Box 40530 – 00100,
NAIROBI.

Attn: Soila Kasaine

**ADVISORY ON ZERO-RATED SUPPLIES UNDER PARAGRAPHS 2(3) AND (4)
OF PART B OF THE SECOND SCHEDULE TO THE VAT ACT**

Reference is made to the above subject and a request from the Ministry of Foreign and Diaspora Affairs dated 17th April 2024 for a letter authorizing the local vendors and suppliers of embassies to ensure invoices they issue for all taxable supplies indicate zero-rated supplies.

This is a VAT zero rate status advisory issued pursuant to Paragraphs 2(3) and (4) of Part B of the Second Schedule to the VAT Act. The Ministry is requested to share this advisory with the following institutions/persons whose supplies fall within the referenced provisions of the law -

- a) United Nations or its specialized agencies;
- b) Commonwealth High Commissions;
- c) Foreign embassies, consulate or diplomatic mission in Kenya;
- d) High official of the United Nations or its specialized agencies; or
- e) A member of the diplomatic staff of any Commonwealth or foreign country

The introductory paragraph to Part B of the Second Schedule to the VAT Act states -

“The taxable supplies shall be zero-rated when supplied by a registered person before the imposition of tax or imported before clearance through the customs by or on behalf of the following persons subject to the limitations specified in this Schedule”

Paragraph 2 of the Second Schedule zero rates the following taxable supplies:

1. (3) Taxable supplies for the official use of the United Nations or its specialized agencies or any Commonwealth High Commission, or of any foreign embassy, consulate or diplomatic mission in Kenya.
 - a) This paragraph applies to taxable supplies made to the United Nations or its specialized agencies or any Commonwealth High Commission, or of any foreign embassy, consulate or diplomatic mission in Kenya for their official use.
 - b) With regard to the application of this paragraph, we advise that the zero rate status is legally granted with respect to taxable supplies made to the stated institutions. This status is explicit and therefore does not require further authorization by the Commissioner through issuance of VAT exemption letters.

Tulibe Ushuru. Tuiitegemee!



- c) The circulation of this advisory to the suppliers and vendors at the point of placement of orders or actual purchase should inform and facilitate them to make taxable supplies to this category of purchasers on VAT free basis, provided that the transaction documents including purchase orders and payments clearly indicate the particulars of the purchaser.
2. *(4) Taxable supplies for the use of a high official of the United Nations or its specialized agencies, or a member of the diplomatic staff of any Commonwealth or foreign country, where specific provision for such zero rating status is made by the Cabinet Secretary responsible for foreign affairs."*
- a) This paragraph applies to supplies made to high officials of the United Nations and its special agencies and also to members of diplomatic staff of Commonwealth or foreign countries.
- b) Application of the VAT zero rate status in this paragraph requires authorization by the Cabinet Secretary (CS) responsible for foreign affairs.
- c) The administrative procedure provides for the application process to be initiated by the persons entitled to the benefit. The application is reviewed and approved by the CS Foreign Affairs and effected by Commissioner upon satisfaction of legal and administrative requirements.
- d) The authorization in this case is granted through issuance of zero rating letters to the specific suppliers and vendors, authorizing them to make the specified taxable supplies to the applicant without charging VAT.
- e) Applications for zero-rating under this paragraph should be made prior to purchasing/procuring the supplies.
- f) In the absence of prior authorization of zero rate status by the CS for Foreign Affairs, the vendors and suppliers are required to charge VAT in compliance with the legal requirements and will thus charge VAT on the taxable supplies.
- g) Where a person required to obtain authorization for zero-rating is unable to obtain the authorization prior to purchase of taxable supplies, for reasons beyond their control, such a person may seek approval from the Cabinet Secretary for the National Treasury and Planning for refund of the tax charged in line with Section 47B of the Tax Procedures Act (TPA).

Please note that this advisory is based on the provisions of the law as at the date of the advisory, however, where there are subsequent amendments to the provisions of the law, the same shall apply accordingly.



Tulibe Ushuru. Tuiitegemee!