



REPUBLIC OF KENYA

THIRTEENTH PARLIAMENT

NATIONAL ASSEMBLY

THE HANSARD

VOL. II NO. 45

THE HANSARD

Wednesday, 14th June 2023

The House met at 9.30 a.m.

[The Speaker (Hon. Moses Wetang'ula) in the Chair]

PRAYERS

Hon. Speaker: Good morning Hon. Members. We have quorum to transact business. We may start.

(Several Members walked into the chamber)

Hon. Members, take the seats nearest you.

COMMUNICATION FROM THE CHAIR

VISITING DELEGATION FROM THE EU

Hon. Members, I wish to introduce to you a delegation of political counselors from member States of the European Union, who are seated in the Speaker's Gallery. The delegation comprises:

- | | | |
|-----------------------------|---|------------------------|
| 1. Ms Lilli Resch | - | Austria |
| 2. Ms Loonen Iris | - | Netherlands |
| 3. Mr Thomas Nikolaj Hansen | - | Denmark |
| 4. Ms Ingrid Onzon-Kem | - | France |
| 5. Ms Charlotte Matusova | - | Slovakia |
| 6. Ms Rhea Franke | - | Germany |
| 7. Ms Julia Teyssen | - | Germany |
| 8. Ms Viivi Nousiainen | - | Finland |
| 9. Ms Annette Hovdal | - | Sweden |
| 10. Ms Jill Clements | - | Ireland |
| 11. Mrs Alba Espino | - | Spain |
| 12. Mr Giacomo Montemarani | - | Italy |
| 13. Ms Katrin Hagemann | - | EU Delegation to Kenya |
| 14. Mr Guy Harrison | - | EU Delegation to Kenya |
| 15. Ms Hamdi Ahmed | - | EU Delegation to Kenya |

Hon. Members the delegation is visiting the National Assembly with an aim to learn more about legislative processes as well as engage with the leadership of a number of parliamentary committees.

On my own behalf and that of the National Assembly, I welcome them to Parliament and wish them a fruitful engagement during the course of their stay in the country.

I thank you.

PAPERS

Hon. Naomi Waqo (Marsabit County, UDA): Hon. Speaker, I beg to lay the following Papers on the Table:

1. Report on all new loans contracted by Government from 1st January to 30th April 2023 from National Treasury and Economic Planning.
2. Request for appropriation of additional funding to cater for maize flour subsidy from the Ministry of Agriculture and Livestock.
3. Report of the Auditor-General and Financial Statements in respect of the Institute of Certified Investment and Financial Analysts for the year ended 31st December, 2022.
4. Reports of the Auditor-General and Financial Statements in respect of the following institutions for the year ended 30th June 2022 and the certificates therein:
 - (a) Coast Water Works Development Agency;
 - (b) Ramogi Institute of Advanced Technology;
 - (c) Road Maintenance Levy Fund - Kenya Rural Roads Authority;
 - (d) North Eastern National Polytechnic;
 - (e) Fayya Technical and Vocational College;
 - (f) University of Kabianga;
 - (g) Ijara Technical and Vocational Training College;
 - (h) Nzoia Sugar Company Limited;
 - (i) Masinde Muliro University of Science and Technology;
 - (j) Alupe University College;
 - (k) Kenya Maritime Authority;
 - (l) Rongo University;
 - (m) Kenya Coast National Polytechnic;
 - (n) Child Welfare Society of Kenya;
 - (o) Kenyatta University Teaching, Referral and Research Hospital;
 - (p) National Hospital insurance Fund;
 - (q) Kenya Safari Lodges and Hotels Limited;
 - (r) Coast Development Authority;
 - (s) Kenya Electricity Transmission Company Limited;
 - (t) Kenya Rural Roads Authority;
 - (u) Kenya Petroleum Refineries Limited (KPRL);
 - (v) Kenya Post Office Savings Bank;
 - (w) Revenue Accountability Statements – Kenya Revenue Authority;
 - (x) Small Enterprises Finance Company Limited; and,
 - (y) Kenya Revenue Authority.

Thank you.

Hon. Speaker: Thank you, Hon. Naomi. Next Order, Leader of the Majority Party.

PROCEDURAL MOTION

EXEMPTION OF BUSINESS FROM STANDING ORDER 40(3)

Hon. Kimani Ichung'wah (Kikuyu, UDA): Hon. Speaker, I beg to move the following Procedural Motion:

THAT, this House resolves to exempt the business appearing as Order 12 in today's Order Paper from the provisions of Standing Order 40(3), being a

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Wednesday Morning, a day allocated for business not sponsored by the Majority or Minority Party or business sponsored by a committee.

Hon. Speaker, we agreed in the House Business Committee to bring this particular Bill for debate this morning and give all Members adequate time to debate it.

I beg to move and ask Members to support this Procedural Motion. I request the Deputy Leader of the Majority Party to second.

Hon. Owen Baya (Kilifi North, UDA): Thank you, Hon. Speaker. This Procedural Motion gives us time to debate the Finance Bill conclusively. Therefore, I second and ask Members to support it. Thank you.

(Question proposed)

Hon. (Dr) Makali Mulu (Kitui Central, WDM): On a point of order, Hon. Speaker.

Hon. Speaker: Yes, Hon. Makali.

Hon. Members: Put the Question!

Hon. (Dr) Makali Mulu (Kitui Central, WDM): Thank you, Hon. Speaker. Before you put the Question, as Members are suggesting, I request for your indulgence and guidance on this matter.

Hon. Speaker, as you will remember very well, because you were on the Chair last night, this Report was tabled at around 10.00 p.m. in the evening.

Hon. Speaker: Hon. Makali, you are jumping the gun.

Hon. (Dr) Makali Mulu (Kitui Central, WDM): The reason for moving this Procedural Motion is to discuss the Report. I think I am in order to raise a matter relating to it. The Report was tabled last night at 10.00 p.m. and the time now is 9.00 a.m. We got a message from the Clerk of the National Assembly this morning at 00.15 Hours.

An Hon. Member: On a point of order, Hon. Speaker.

Hon. Speaker: Hon. Makali is on a point of order.

Hon. (Dr) Makali Mulu (Kitui Central, WDM): Hon. Speaker, you know she is a ranking Member.

Hon. Speaker: Go ahead and prosecute your agenda.

Hon. (Dr) Makali Mulu (Kitui Central, WDM): Hon. Speaker, I need your indulgence because this is a 500-page Report with 3,500 annexes, which was tabled last night at 10.00 p.m. I seek your indulgence to allow Members to read it. The passage of this Procedural Motion will pave way for debate on the Report to commence. I do not think Members have had enough time to look at the Report. With the kind of issues Kenyans have raised on this Bill, it is important for Members to take their time and look at this Report. So, I want you to guide the House because we want to do away with this Procedural Motion and go on with today's sitting as provided in the Order Paper. Please, allow Members time to read the Report.

Hon. Speaker, I beg your indulgence.

Hon. Speaker: I will not allow that, Hon. Makali Mulu. I will give direction on what you are raising after putting the Question. I have direction to give on what we are expected to do. So, allow me to put the Question.

(Question put and agreed to)

(Loud consultations)

Order! Order, Hon. Mbui! Probably, you did not follow. I proposed the Question. If you are in any doubt, the *Hansard* records everything in verbatim. The Chair proposed the Question, then there was a call to put the Question. The Chair rose to put the Question, but

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Hon. Makali Mulu rose saying that before I put the Question, he would like to raise an issue. I have listened to him because he was debating the Procedural Motion. After raising the issue, I said I would address it after putting the Question.

Hon. Members, I now proceed to address the issue raised by Hon. Makali. Firstly, what you will debate under Order No.12 is not the Report, but the Finance Bill as published by Parliament. The Report is a supporting document, and it has been published for some time now, because we have been debating it all over. As you debate the Finance Bill, you may make reference to the Report and restrict yourself to the clauses in the Bill. Secondly, this Report was tabled last night at about 9.35 p.m. Many of us were not in this House then. I directed the Clerk to upload it on the National Assembly website, which was done immediately. I also directed that physical copies be availed to every Member who wished to have one. I have been advised they are available. Thirdly, the debate which will start soon here after, will go on until 1.00 p.m. and from 2.30 p.m. until 9.00p.m. or 10.00 p.m., if possible. With the Report available, Members can at different times be reading and those who have already read and familiarised themselves with the Bill can continue to debate it. The Mover of this Bill or the Chair of the Committee is entitled to 45 minutes. By the time he finishes, Hon. Robert Mbui will probably have scanned through the Report. If he reads the J.F. Kennedy style, it will take him an hour to run through the Report and contribute to the debate.

Hon. Members, you will not be debating the Report, but the Bill. Please, understand the procedure of the House. So, we will proceed that way. We have not reached Order No.12 yet. Call out Order No.9.

Hon. (Dr) James Nyikal (Seme, ODM): On a point of order, Hon. Speaker.

Hon. Speaker: If it is about Order No.12, I will give you a chance when we get there. Can you give the microphone to Hon. Nyikal.

Hon. (Dr) James Nyikal (Seme, ODM): Hon. Speaker, when the issue of whether the Question was proposed or not came up, you had put the Question and declared the “Ayes” victorious. However, I am aware that some people stood to call for a division. Those of us who felt that there was need for a division should also be given a chance. For those who are asking whether it was proposed, they should note that, that was a different matter. In such confusion, justice is superior to the law. If some of us needed a division over this matter, why can we not be given that chance?

Hon. Speaker: Hon. (Dr.) Nyikal, you are a very experienced legislator.

Hon. (Dr) James Nyikal (Seme, ODM): Exactly!

Hon. Speaker: Take your seat. When Hon. Robert Mbui called for division, I heard him very clearly. From where I sit, I have a bird’s eye-view of the House. Only eight Members stood. You require 25. There were only eight Members and I could see. We have passed that matter. Let us move on to the next Order.

BILL

Second Reading

THE HEALTH (AMENDMENT) (NO.2) BILL
(National Assembly Bill No.42 of 2022)

(Moved by Hon. Didmus Barasa on 26.4.2023 – Morning Sitting)

(Resumption of debate interrupted on 3.5.2023 – Morning Sitting)

Hon. Speaker: Order! Hon. Didmus Barasa, reply to your Bill.

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Hon. Didmus Barasa (Kimilili, UDA): Thank you very much, Hon. Speaker. Before I reply, I will donate two minutes to Hon. Sloya, the Member for Sabatia, and another two minutes to Hon. Babu Owino and then I will conclude.

Hon. Speaker: Hon. Sloya, you have two minutes.

Hon. Clement Sloya (Sabatia, UDA): Thank you, Hon. Speaker. I want to support the Bill by Hon. Didmus Barasa on the Health Referral System.

A referral system is supposed to be controlled because we have seen very many cases where patients went to different hospitals and got unnecessary referrals to other hospitals which did not have capacity to attend to the issues referred to them. A medical referral should be from a low-capacity medical facility to a facility with advanced medical systems capable of dealing with complications being referred to them. At times, poor communication between hospital professionals result in unnecessary costly referrals which should be controlled at some level so that we have a referral system that can be of help to our people.

We need to have an improved interaction between healthcare network professionals. In this country, a patient may go to a facility like the Nairobi Hospital and be referred by a doctor to a facility owned by one of his professional colleagues even though the later may not have capacity to satisfactorily handle the patient. In order to ensure that patients are taken care of in the best way possible, we need to have a controlled referral system. I have a case in mind, where patients are referred from a health centre to a referral hospital.

Hon. Speaker: Hon. Sloya, your two minutes are up. Hon. Babu Owino, proceed. There is a microphone next to you.

Hon. Babu Owino (Embakasi East, ODM): Thank you very much, Hon. Speaker. I rise to support the Bill.

The fundamental human right to life is enshrined in our Constitution through the Bill of Rights. Whoever goes against that right becomes inconsistent and repugnant to natural laws and justice.

Our doctors take the Hippocratic Oath to preserve or protect lives, and our nurses take the Nightingale Pledge to act professionally. Therefore, if a hospital refers a patient to another hospital, they should take care of that patient until such a time when the patient arrives at the referred hospital. They should ensure that they preserve life and protect the patient. In our Kenyan system, you find that a patient is taken to a hospital and left there to die because procedures are being followed for this patient to be admitted in the hospital they have been referred to. We have a right as a nation to protect and preserve lives.

Thank you.

(Hon. Charles Nguna spoke off record)

Hon. Speaker: Who do you want to inform? Hon. Owino has finished his contribution and, therefore, you cannot inform him. Proceed, Hon. Didmus.

Hon. Didmus Barasa (Kimilili, UDA): Hon. Speaker, I beg to respond to the debate on the Health (Amendment) (No.2) Bill (National Assembly Bill No.42 of 2022).

This Bill seeks to compel the Ministry of Health and health facilities to develop a referral system that will ensure that a person who has been referred to another facility for treatment is admitted seamlessly. Patients' files should be sent electronically to the facilities where the patients are being referred. So, upon arrival, not even a single minute of the patient's time should be wasted because it is a case that must be attended to immediately.

The Bill also requires that hospitals that are referring patient must continue to attend to such patients until they reach the facility where they are being referred to. We have situations in this country where upon a patient being referred, the hospital of origin no longer attends to the patient. One becomes helpless because no one takes care of him. The file is closed. We

want to ensure that when our hospital facilities refer a patient to another facility, they will continue taking care of such patient until he arrives at the facility where he has been referred to.

The second thing, which is very important, is that the person referring the patient to another facility must ensure that the referral process is expeditious, seamlessly and within the shortest time possible and that upon arrival, the receiving facility must have superior medical facilities to deal with the kind of emergencies they are supposed to handle.

I want to ask Members to support this Bill so that we engage further at the Committee of the whole House and improve it. I want to thank those who have supported by making their contributions. To those who have opposed this Bill, I have taken notes and I want to appreciate everybody for processing this Bill.

With those remarks, I beg to move.

(Question put and negatived)

BILLS

First Readings

THE CANCER PREVENTION AND CONTROL (AMENDMENT) BILL (No.2)
(National Assembly Bill No.39 Of 2022)

THE COMMUNITY HEALTH WORKERS BILL
(National Assembly Bill No.53 Of 2022)

*(The Bills were read a First Time and ordered to
be read a Second Time by leave of the House)*

BILL

Second Reading

THE FINANCE BILL
(National Assembly Bill No.14 of 2023)

Hon. Speaker: Order, Hon. Members. Order! Take your seats.

(Several Members stood along the aisle)

Hon. Members, we are now on Order No.12, the Finance Bill. It is a Bill like any other. In the budget cycle, there are always two critical Bills - the Finance Bill and, thereafter, the Appropriations Bill. We are starting debate on this Bill. The House Business Committee (HBC) has directed that we debate this Bill the whole of this morning and afternoon sessions, if there will be enough Members interested to contribute. Depending on how the debate goes, it will then spill over to next week, on Tuesday, because the Cabinet Secretary for the National Treasury will be here in the afternoon to give highlights on the Budget for 2023/2024.

In debating this Bill, as you know, under your own Standing Orders, the Mover will have 45 minutes and in the event he is not done within the 45 minutes, the Chair may indulge him to finish what he wants to present. At the end of the debate, his reply time is 15 minutes. Each Member who will contribute will be entitled to ten minutes unless the House in its own

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considered view, wishes to reduce that period so that more Members can contribute. I will leave that decision to the House to make. As and when any Member raises such an issue, the Chair will consider either on its own or put a question to it.

Leaders of the Majority Party and the Minority Party will be entitled to 15 minutes each on this debate. I want to encourage us that this is a Bill that has generated quite a bit of extra-parliamentary debate. Focus and debate on the Bill and the time of mastering any amendment to the Bill as you all know, comes at the stage of the Committee of the whole House, which will probably come this afternoon or Tuesday next week. depending on how the interest in the debate goes.

Everybody will be given an opportunity to debate. As usual, my requests screen is full. I do not know if it was full for the items we have already finished or for the coming Bill, but I will use both the screen and discretion as the Chair to pick Members to speak. I encourage decorum. Your right to speak must be equal to your duty to listen. Those who speak must also be ready to listen to those who have listened to them. That is the way a debate should be in this House.

Chairman of the Departmental Committee on Finance and National Planning, you can now take the Floor and move the Bill.

(Hon. Farah Maalim rose on a point of order)

Hon. Speaker: What is your point of order, Hon. Farah Maalim?

Hon. Farah Maalim (Dadaab, WDM): Thank you very much, Hon. Speaker for that delivery. I want to seek the indulgence of the Chair. Given the widespread interest on this particular Bill, exempting the leadership of the House - the Leaders of the Majority Party and the Leader of the Minority Party - I suggest that the rest of us be limited to five minutes each. If you cannot deliver a powerful argument in five minutes, you cannot deliver it in ten minutes. I have been in this House for 30 years and I know it.

Hon. Speaker: Hon. Bowen.

Hon. Kangogo Bowen (Marakwet East, UDA): Thank you, Hon. Speaker. I want to second what Hon. Farah Maalim has said. We need to reduce the time because we have many Members who want to contribute to the Bill. You know that the Finance Bill is very important to the Members of this House and to the nation at large. It is important that we reduce the time for contribution to five minutes for Members apart from the Leaders of the Majority Party and the Minority Party. They can have their 15 minutes each, but the rest of us can have five minutes each.

I support.

Hon. Speaker: Yes, Hon. Donya.

Hon. Dorice Donya (WDM, Kisii County): Thank you, Hon. Speaker. You just need a minute to know if something is right or wrong. I do not see sense in having 10 minutes for a Member when each one of us wants to debate this Bill and pour out our grievances about it. If you look at a lady, you can tell that she took a minute to prepare her make-up on the basis of how she looks, and not whole ten minutes. As I stand here, you can know that I am well dressed or not in a second. What will you be describing in ten minutes? Five minutes each is good enough.

Hon. Speaker: Can the Leaders of the Majority Party and the Minority Party approach the Chair?

(The Leader of the Majority Party and Leader of the Minority Party consulted the Speaker)

(Hon. (Dr) James Nyikal spoke off- record)

Order, Hon. Dr. Nyikal! You are one of the most seasoned Members of this House. Apart from your long professional career in medicine, which controls human behaviour sometimes, the Chair has tremendous respect for you. You are the last Member I would expect in terms of age, profession and experience to do what you are doing. Please, be orderly, Hon. Dr. Nyikal.

Hon. Members, having heard three Members and consulted with your leadership, there is a general consensus that we do five minutes each. Any Member who will have material to prosecute and the Chair is convinced that you have much more to say, discretion will be exercised from the Chair.

I now call upon the Mover to start.

Hon. Kimani Kuria (Molo, UDA): Hon. Speaker, I beg to move that the Finance Bill (National Assembly Bill No.14 of 2023) be now read a Second Time.

I rise before you today with a sense of gratitude and appreciation for the opportunity to speak to this National Assembly when you are all looking forward to this great conversation on the Finance Bill of 2023/2024.

Hon. Speaker: Chairman of the Departmental Committee of Finance and National Planning, you start by saying, “Hon. Speaker, I beg to move that the Finance Bill be now read a second time” then you move the way you are moving.

Hon. Kuria Kimani (Molo, UDA): Hon. Speaker, I beg to move that the Finance Bill (National Assembly Bill No.14 of 2023) be now read a Second Time.

Hon. Speaker, I hold a lot of gratitude for the responsibility bestowed on the Departmental Committee of Finance and National Planning as per Standing Order 245. The Departmental Committee on Finance and National Planning carried out the most extensive public participation in the history of Parliament. Committee Members sat for between 10 and 12 hours every day listening to various views from members of the public.

Our Secretariat sat for hours on end reviewing the over 1,500 memoranda that were sent to us by email, taking care to respond individually to each of those emails with comments and noting those comments in our Report. The Report that we tabled yesterday has about more than 3,000 pages of annexes. This comes at a time when we just passed the Budget Estimates and the Appropriations Bill.

Hon. Speaker, it is very interesting to note that while conducting public participation on the Budget Estimates, the Budget and Appropriations Committee dealt with members of the public with smiling faces. People were saying: “We want that road completed and that dam constructed. We want water connected to our homesteads and electricity connected to our homestead.” However, the experience was not the same when we sought views from the same members of the public on how to fund the budget they really wanted implemented.

The public participation exercise came at a time when this Bill had already faced a lot of falsehoods and “political assassination.” I have listened to members of the public and Members of Parliament debating on some matters that are contained in the Bill. One of them that I really found interesting and unfortunate is the miscommunication, for example, on compensation of insurance services. I heard members of the public say that if, for example, I lose my leg and I get compensated, then I am going to pay 16 per cent of that compensation. I heard members of the public, and even some Members of the National Assembly, say that if

an insurable loss occurs and, for example, I lose my car and I get insurance compensation, then I am going to pay VAT on that insurance compensation.

I would like to refer Members to Page 240 of the Bill, Clause 30, Section 9 and read it out verbatim as follows:

“Where a bona fide owner of taxable supplies, who has deducted input tax under subsection (1), is compensated for the loss of the taxable supplies, the compensation shall be treated as a taxable supply and –

- (a) If the compensation includes value added tax, the compensation shall be declared and the value added tax thereon remitted to the Commissioner; or
- (b) If the compensation does not include value added tax, the compensation shall be declared and subjected to value added tax and the tax remitted to the Commissioner.”

Key words here are “taxable supply”. I want to ask Members of this House and members of the public some questions. Is insurance compensation for your leg a taxable supply? Is a compensation of your car when you get involved in an accident a taxable supply? When items in your homestead get burnt because of a fire, is that a taxable supply? Perhaps get a little technical, what this clause purports to mean is where businesses hold goods that are taxable, then they would have paid input tax on those particular items. If they get compensated plus the VAT that they are asking for a refund, and then they go ahead and charge output VAT on those particular goods, then it would have been deemed that they received that compensation for VAT twice. This double VAT refund is what this clause was trying to cure, and that is what is contained in the Bill.

Hon. Speaker, I would like to draw your attention to our tax system in Kenya. Our tax revenue as a share of our Gross Domestic Product (GDP) has remained consistently at approximately 15 per cent. This stagnation is a cause for concern to the Departmental Committee on Finance and National Planning and these are some of the issues that this particular Bill wanted to address. In comparison with several African countries, Botswana’s tax revenue per GDP is at 24 per cent, while that of Mauritius is at 18 per cent. That of Zambia is at 17 per cent. Ours has remained consistent at 13 per cent as of 2021. These countries have managed to achieve higher tax revenue collection rates. The disparity highlights a need for us to reassess our tax policy and explore more effective ways of enhancing revenue mobilisation.

I would like to talk about our economy for the last past decade. We have witnessed an evolution in our economy with emergence of employment opportunities in the digital market space. Additionally, a majority of jobs have been created during this period that were and have been in the informal sector, employing approximately 80 per cent or 18 million of Kenyans in 2021.

The Finance Bill of 2023 has several tax proposals that will enable the country to increase its tax base, essentially increasing its revenues. The Departmental Committee on Finance and National Planning carried out public participation and deliberated on the matters which informed the several decisions. For instance, Clause 2, which deals with the definition of terms, defines “winnings” in the betting sector. It is something that we have addressed and tried to tighten up so that it does not lead to loss of revenues to the Government of Kenya and also it does not crowd out potential businesses to leave and set base outside this country.

Clause 5 of the Bill suggests imposition of taxes on club entrances and subscription fees for employees. However, if it is implemented, this would result in double taxation as both the employee and the employer would be taxed on these fees. In response to this concern, the Departmental Committee on Finance and National Planning made changes to the clause allowing that the taxation be applied only on the employers’ income instead.

Clause 10 of the proposed legislation introduced a new tax called the Digital Asset Tax, specifically targeting taxation of profits generated from digital assets such as cryptocurrencies

and Non-Fungible Tokens (NFTs). Many stakeholders expressed their desire to have this proposal removed as they believed it would discourage traders. However, the Departmental Committee on Finance and National Planning noted that the reason for setting up the tax rate of 3 per cent of the gross turnover is to facilitate compliance, trading and for simplifying the process. If this Bill passes, Kenya will become one of the first countries in the region to recognise cryptocurrencies, digital assets and bitcoins as a form of payment and trade and therefore generating revenue from these digital assets.

The Departmental Committee on Finance and National Planning observed that clause 12 that restricts expenses without eTIMS invoices as complemented by Clause 57, would exempt individuals from registering in the electronic management system. The exemption ensures that small traders, popularly known as *mama mboga*, and others in the informal sector, are not negatively impacted by this particular proposal. Additionally, we have proposed that the Commissioner will issue administrative guidelines to address any concerns regarding the implementation of this system. We have emphasised the need to have every trader and business person in the country operating within the eTIMS system. This, we realised, would enhance both revenue collection and reduce the cost of tax administration.

Stakeholders expressed their concern on Clause 20, which would require that withholding taxes be remitted to the Kenya Revenue Authority (KRA) within 24 hours. They believed that this timeline was too short and would result in additional administrative expenses. We have had many institutions that withhold either Excise Duty or VAT, meaning that they are agents for the collection of these particular taxes. These agents had up to 50 days to remit these particular payments to KRA. We noticed that by holding onto these tax revenues for 50 days, these businesses were being funded through their working capital by taxpayers' money. We appreciate that reviewing the period from 20-50 days to 24 hours for the money to be remitted to KRA was a little too ambitious. The Committee amended that to allow businesses to remit these tax revenues within five working days. The key words "working days" take care of the complexities of weekends and official public holidays.

Clause 24 was also contested by many stakeholders who were concerned about the proposal to increase the PAYE rate for individuals earning more than Ksh500,000. Having considered this, we also found that our tax bands have not been amended for years. One of our recommendations is that even if we are unable to amend our tax bands in this Bill, there is a need to revise our tax bands for PAYE because they have not been revised for very many years. We suggested that instead of having the 35 per cent PAYE rate only accruing on incomes from Ksh500,000 and above, we add a tax band of incomes from Ksh500,000 to Ksh800,000 to be charged at a PAYE rate of 32.5 per cent, and those earning more than Ksh800,000 to be taxed at a rate of 35 per cent.

Clause 24 introduced a Withholding Tax of 15 per cent on digital content. However, Withholding Tax on other professional fees such as legal, accounting, management, and all other professional fees is at 3 per cent. That is why we found that charging digital content creators 500 per cent more was unfair and punitive to this growing sector. Instead, we propose that this Withholding Tax be reduced to 3 per cent. It is also good to appreciate the expansion of this sector. We have very many Kenyans, especially the youth, who are excelling very well in this space.

However, some people were asking us why we were taxing them. I would like to remind our digital content creators that teachers who recently got employed and earn an income of Ksh30,000 per month pay their rightful share of taxes. Nurses who help mothers deliver in hospitals, or treat our old relatives and people in home-based care; doctors who work day and night to save lives; and emergency attendants who work in ambulances, all pay their rightful share of taxes. So, we are not asking digital content creators to pay a Withholding Tax of 15 per cent because that will vary too much, but we are politely asking them to pay a 3 per cent

Withholding Tax so that we can generate revenue to connect other people to the national electricity grid in our villages, so that they can also get a chance to participate in this sector.

The introduction of Withholding Tax has also opened up a national dialogue about digital content creators who came and told us that the Government should give them incentive by reducing the prices of video cameras that they use to generate content. We have taken their views seriously as a Committee and we will endeavour to carry them in our next report.

Clause 28 on the proposed increase of VAT on petroleum and Liquefied Petroleum Gas (LPG) from 8 to 16 per cent was a hotly contested issue. When the Committee put VAT on fuel at 8 per cent, that meant that businesses in this sector were always in a VAT credit refund position because they could pay their VAT on input at 16 per cent. However, when they sell this fuel at 8 per cent, it means that there is an 8 per cent difference. That means these businesses have always received credit when they asked for tax refunds. That means taxpayers' money has been used to finance these businesses because of the disparity between their input tax, which they pay at 16 per cent, and their output tax, which they claim at 8 per cent. It, therefore, creates that particular position.

We have agreed that we are going to carry on with VAT on fuel at 16 per cent. On the other hand, we looked at the discussions that we have had about climate change, climate financing, and going green by 2030. We recommend to this House that we adopt other measures that are going to cushion us against the increased cost of VAT and make sure that moving forward, the cost of green energy is going to be way cheaper, therefore, reducing the need for fossil fuels. That is why, for example, we have zero-rated both LPG gas and LPG cylinders. We are not just exempting them from tax. By zero-rating them, we are enabling manufacturers and traders in this business to be allowed to claim their input tax at 16 per cent. That, therefore, means if these proposals are carried on by these businesses, and this advantage is transferred to consumers, we are going to see prices of LPG gas and cylinders go down by 16 per cent.

In addition to that, we have reduced other cost elements that comprise fuel such as the Railway Development Levy (RDL) and the Import Declaration Fees (IDF) to around 3 per cent. So, the increase in VAT from 8 to 16 per cent means that the actual increase in the cost of fuel is only 8 per cent. If you deduct the reduction on RDL and IDF, that means that the marginal net increase in VAT on fuel would be around 4.5 per cent.

Data from KRA Customs Department has shown that most motor vehicles being imported into this country are hybrid cars because Kenyans are now turning to motor vehicles that do not wholly rely on fuel, but are both semi-electric and semi-fuel. As such, we have given incentives to manufacturers of electric motor vehicles and electric motorcycles so that in the long run, we grow our manufacturing of electric vehicles and motorcycles. We have also zero-rated their charging units. We look forward to being like the United States of America (USA), or the United Kingdom (UK) where most means of transport, whether they are buses or motorcycles, are electric, therefore, reducing the need for fuel.

One of the greatest challenges we are facing as a country has also been the depreciation of the Kenyan Shilling against the USA Dollar. The amount of money we are spending per month and per year importing fuel is a point of concern. So, until that time when we can explore our own oil reserves, we have to think about alternative sources of energy that are green, cheaper, and sustainable.

It was also interesting to find innovations that have been done by some companies. I would like to give an example of an institution called Koko Networks that makes biofuel. They have innovated stoves and canisters that reduce the cost of safe fuel for cooking at home to Ksh10 per meal. It can cost you around Ksh10 to prepare a meal at home. How much does that cooker and canister cost? Only Ksh1,500. We have seen these kinds of institutions expand across the country. If we continue to incentivise the use of clean energy for cooking, we are going to get away from fossil fuels and reduce the pressure on our imports, thereby leading to

stabilisation of the Kenyan Shilling and making the movement of certain sectors and consumables much cheaper.

Our Committee also introduced an amendment to the First Schedule of the VAT Act incorporating taxable food supplies that are made for the School Feeding Programme acknowledged by the Cabinet Secretary for Education. During a time when we are talking about hunger, food security, and our school-going children, we have seen efforts by county governments to establish school feeding programmes. Our best example is the constituency headed by Hon. John Kiarie, which has been able to establish a very effective school feeding programme.

Hon. Speaker, it is only Ksh20 per meal. We have zero-rated the Value Added Tax (VAT) for food supplies that are made for school feeding programmes. This means that those school feeding programmes that different institutions are trying to start in their schools will grow. Another example is what Mombasa Cement Limited is doing in Mombasa. It has a school feeding programme that feeds almost all school-going children in that particular county.

The Committee observed that there was a proposal in the Bill to exempt VAT on transfer of businesses. This would have led to a loss of Ksh100 billion of the proposed tax. This is one of the clauses that we have recommended for deletion. When I transfer my money from my bank account to another one, I pay VAT and Excise Duty. When I transfer money from my M-PESA account to another M-PESA account, even when I am transferring money from one of my M-PESA lines to the other, I pay tax. Why should we exempt transfer of businesses from taxation? From the calculations given to us by the Parliamentary Budget Office (PBO), this would lead to a potential loss of Ksh100 billion. This is money that we now have in the Bill. Therefore, the deletion of this particular clause will mean that we will raise an additional Ksh100 billion.

Clause 36 of the Bill was another contentious issue. It says what happens if you have a tax dispute, go to Tax Dispute Tribunal, and then you lose the case. If you want to appeal your case, you will be required to deposit 20 per cent of the disputed amount with the Kenya Revenue Authority (KRA). We found that this was a violation of the rights of taxpayers to access justice. It is unfair to require somebody who seeks legal redress because he feels aggrieved to be required to pay a deposit of 20 per cent for it. We urge this House to carry on the proposal for deleting this clause.

I had extensively talked about Clause 43(b)(iv)(v)(vi) and (vii) of the Bill. Let me go to Clause 59 of the Bill. The deletion of Clause 59 from the Bill was about the Tax Procedures Act and its provisions leading to objections and appeals. This was opposing restrictions on access to justice. We said that the proposal should be deleted.

Clause 61 of the Bill refers to Section 84 of the Tax Procedures Act. The Committee proposes that this clause be deleted due to its punitive nature concerning the tax shortfall penalty. Currently, Clause 61 imposes penalties for tax shortfalls without considering innocent and inadvertent taxpayer errors. This clause states that if you under-declare your taxes or the KRA feels that you have under-declared your taxes, they will penalise you for that. It may not be deliberate. It can be an accounting error made when you file your returns. Therefore, we have deleted that requirement for that penalty to be imposed on taxpayers.

Clause 62 of the Bill is on penalties for failing to comply with the electronic tax system. This amendment seeks to insert a new Section 86 to modify the penalty provisions related to non-compliance with the electronic tax system. This makes the penalty more reasonable. This proposal recommended that if you are not on Electronic Tax Invoice Management Systems (IMS) or if you were found that you needed to issue an i-Tax receipt, but you did not issue one, then you would be required to pay a fine of 10 times the amount that was tax due. As much as we want to enforce compliance with this tax system, we felt that a fine of 10 times more was too punitive. We propose the penalty to be two times the tax due.

We are proposing an amendment to the Bill to include a new Clause 67. This will address the powers granted to the Commissioner regarding the adjustment of specific rates of Export Levy. Currently, Section 5(4) of the Miscellaneous Fees and Levies Act allows the adjustment of specific rates of export levy to account for inflation. However, it is proposed that this provision be removed as it mirrors Section 10 of the Excise Duty Act. Clause 36 of the Bill already seeks to eliminate the Commissioner's power to adjust specific excise duty rates based on inflation. The rationale behind those proposed amendments is to ensure consistency in the treatment of specific rates for both Export Levy and Excise Duty.

Clause 76 of the Bill states the deduction of the National Housing Development Fund, which is another very contentious issue. We listened to the views of Kenyans. They told us it was good to make houses affordable to the public. It is a good thing when somebody who rents an apartment in Kinoo, Section 58 or any part of the country has an alternative of paying the equivalent of the rent but owns that house at the end of a particular period. Access to mortgages remains a privilege for high-end people in this market. Every stakeholder told us that it would lead to job creation. There are doors and windows that will be made. There will be suppliers for those goods. There are people who will provide the rest of the services. That is the spiral effect of it. There are people who will sell food in those units.

The stakeholders said there was need for the Housing Fund. However, they were worried about how it would be deducted. They told us that it was too punitive to start them off with 3 per cent of the basic pay. One of them candidly looked me in the face and told me that if we capped the Housing Fund to Ksh2,500 a month, and we told them that was 3 per cent, it was not true. You pay 0.0045 per cent of your basic pay. They said this was discriminative. They felt that people who earn a lot more wanted to pay much less than them. If he earns Ksh80,000, he will pay his rightful share of 3 per cent. However, those who earn Ksh500,000 would pay 0.0045 per cent because we had capped that contribution to Ksh2,500. We listened to the views of those Kenyans. We proposed a reduction in the National Housing Development Fund contribution from 3 per cent from the employer and employee to 1.5 per cent. It is very important to note that the capping of the contribution at Ksh2,500 has been removed. This would have been discriminative against those people who earn less. They would have paid their rightful share of their 1.5 per cent, but those who have a higher payslip would pay much less. We have also established that those funds will go into the Consolidated Fund as per the Public Finance Management (PFM) Act.

Hon. Speaker, the shift towards the informal sector also poses challenges to our tax revenue as the economy diversifies job opportunities arising in all sectors. It has become crucial to expand our tax base. Kenyans told us that only some people pay taxes. However, very many others should pay their rightful share of tax, but they do not pay. Key in point was the small businesses. There is a proposal to have a turnover tax threshold of Ksh500,000. This means those people with sales of around Ksh1,600 a day will be required to pay a turnover tax of 3 per cent. This band is too little. Therefore, we have proposed increasing this band of Kenyans who would pay the turnover tax to those with sales of at least Ksh1 million to Ksh25 million per annum.

Hon. Speaker, people asked why they were being taxed on gross sales instead of profit. We have told them that you do not have to pay turnover tax at the end of the year. You can pay the corporation tax at 30 per cent. However, you will have to calculate your revenues and deduct your taxable expenses. Many Kenyans do not want to go through that process. They just want to know their rightful share of tax and pay.

I wish to thank the Members of the Committee. It was very tedious work. Most of us still have a back problem till now. Members of the Secretariat have been doing almost 24 hours of work to make sure we put this Report in order.

I want you to give as many Members as possible an opportunity to contribute to this matter, but I only have one last statement to make. The difference between zero-rated and tax-exempt is quite baffling that we use tax exemption and zero-rated interchangeably. They are as different as heaven and earth. Services or products exempted from tax means those businesses cannot claim their import tax. That makes the price of those products at least 16 per cent more expensive. That is why although the Bill proposes to exempt the manufacturing of fertiliser, pharmaceuticals, human vaccines, pesticides, agricultural equipment, and transportation of sugar-cane from farms to factories from being tax exempted, this Committee has recommended that those products and services be moved from tax exemption to zero rates so that the benefit can be transferred to the consumer, by making those products 16 per cent cheaper.

I want to urge the KRA to enforce this. Ensure that the benefits can be transferred to the consumer once we transfer those privileges. We want to see the price of Liquefied Petroleum Gas (LPG) and cylinders, the cost of locally manufactured fertiliser, locally manufactured medicine, human vaccines and pharmaceuticals, and agricultural processes go down by 16 per cent if this House accepts those proposals.

This Bill has an ambitious plan of exporting mobile phones across Africa. We have seen the demand for smartphones and mobile phones in this country and have a big potential to manufacture them. The manufacturers of mobile phones told us if we zero rate products used as raw materials for the assembly of mobile phones, we will be able to manufacture smartphones in Kenya at the cost of at least Ksh8,000, and we will export them to other African countries. We found this to be very revolutionary. We urge this House to support this amendment.

We have an influx in the digital space in terms of digital lenders. We found that the Excise Duty and Value-Added Tax on the transaction fees on digital platforms for mobile money and digital lenders was discriminatory against that of banks. Banks were getting preferential treatment by getting preferential rates. Our reports aim to harmonise the rates charged by digital lenders and micro-finance institutions to that of banks to create a level playing field.

For some of us, when we left school, we first wanted to open a bank account. For the people that are leaving school, the first thing they want to do is not to open a bank account. It is to have a digital wallet. We need to incentivise this space. It is the next frontier in financial inclusion, and we are asking this House to agree with us and pass the amended Finance Bill as proposed by the Committee on Finance and National Planning.

With those many remarks, I want to donate the rest of my minutes so that this House can extensively debate this matter. Hopefully, our good idea can give birth to a great idea, and the great idea can lead to the greatest ideas. With that, I support it. I ask the Vice-Chairman of our Committee, Hon. (Amb) Benjamin Lagat, to second.

Hon. Speaker: Thank you, Hon. Kuria Kimani. Who is seconding you? Hon Benjamin Lagat?

Hon. Benjamin Lagat (Ainamoi, UDA): Yes, Hon. Speaker.

Hon. Speaker: Go ahead.

Hon. Benjamin Lagat (Ainamoi, UDA): Thank you for giving me the opportunity to second this Bill. I rise to second the Finance Bill of 2023. You said yesterday that this Bill has been transacted in funerals, churches and other social places. You advised us that we must now come to the House and transact this Bill.

We have just come from a campaign. Three issues were transacted or canvassed: cost of living, our level of public debts and youth empowerment. It is in the public domain that our public debt is the highest ever because of errors of omission and commission. If I liken Kenya to a public company, Kenya is highly indebted. We have borrowed more than what we should have done. Those of us who are accountants and have managed public entities know that when

a company is highly indebted, you have two options. Close the company, or bring in more capital from the shareholders. The shareholders are Kenyans. This House is the board of management, and the President is the Chief Executive Officer. We must make a decision on whether to close the company or bring in more capital injection. If we ask the shareholders of the company, they will say no. We are not closing the company. We need to bring in more capital. If I liken this country to an individual, I would say that person is sick. You must seek medical advice. Sometimes, the doctor prescribes medicine. Medicine is not always sweet. It may not be palatable. Sometimes, the doctor might even prefer that surgery be done. Surgery is not nice, but we must do it because that is the only thing that still needs to be done. Why am I saying that? This country is facing very serious problems of public debts and cost of living, and we need to create employment.

If we continue doing things as we used to, the results will be the same. We will continue borrowing, and not having employment for our youths. This Bill is good because it proposes radical changes to help us resolve our problems. The question is: Is the process nice? It might not be nice, but we need to take those decisions so that tomorrow is better.

I want to thank the Members of the Committee. We sat and listened to the members of the public through the public participation process. I was the Chairman of this Committee in the 11th Parliament, and I can confirm that there has never been more interest in the Finance Bill than what I am seeing on this one. We received almost 200 representations from members of the public and professional organisations, and we listened to them. The question is: Does the Bill have issues? Yes, there are small issues. However, I am happy to report to the House that more than 60 per cent of the concerns of Kenyans have been addressed in the Report. Therefore, Members should now read the Bill together with the Report that was tabled yesterday. All the matters that were in contention were addressed, and recommendations were made to the House to ensure we alleviated the fears from the public.

One of the issues is levying Excise Duty on goods that are manufactured in the country and imported goods. The stand of the Committee is that we must support local manufacturing and give a competitive advantage to our manufacturing sector. If we are to industrialise and create jobs for the youth, we must incentivise the manufacturing sector. That is why some of the Committee proposals seek to delete proposals to levy Excise Duty on locally manufactured raw materials or goods, so that we can encourage local manufacturing.

The other proposal in this Bill is on Export Levy. Our exports are always less than imports. We do not export much. The levy is to make sure that we increase our exports. I come from a tea-growing region, which is the primary export product in Kenya. When we talk to the farmers, they tell us that we export to only three countries in Africa and four countries in Europe. That is a very dangerous situation. We need to increase export markets for our coffee, tea, avocados and service industries. Although we seek to raise money through this Bill, we want to refrain from taxing local manufacturers.

I am happy that, as a Committee, we listened to members of the public. It will be a serious issue to pretend that we want the status quo to remain and yet, at the same time, we want changes. I have listened to our friends from the other side. It will be wrong to say that we maintain the status quo and yet, we want changes. We must do something to bring the changes. We must be willing to take the necessary painful decisions now so that tomorrow is better than today. I second the Bill and the amendments that will be brought at the right stage.

I encourage all Members to rise to the occasion and be bold. We need to reduce our public debt and increase our revenues to become a self-reliant country. If we continue with the status quo, we can only increase the public debt and continue piling up pending bills. Yesterday, we passed the Estimates, and all Members were happy. Of course, Members on the other side were not there. I heard the Chair of the Budget and Appropriations Committee (BAC) say that we have allocated Ksh613 billion to education. I also heard him say that we have

doubled the allocation to health. That promise will remain just a promise unless we pass a Finance Bill to help us raise the necessary revenues that our country needs. I hope we will be able to raise enough revenues and borrow nothing in future.

I am looking forward to a time we can lend to other countries because we have raised more than enough revenue.

Hon. Speaker: Order, Hon. Members. Before I propose the Question, allow me to recognise students from the following schools in the Speaker's and Public galleries:

1. St. Francis Secondary School, Mwea, Kirinyaga.
2. Al Amin School, Starehe, Nairobi.
3. Kinderville School, Mavoko, Machakos.
4. St. Hannah's School, Westlands, Nairobi.

On your behalf and on my own behalf, I welcome the students and their teachers to the House of Parliament.

(Applause)

Order, Hon. Members. Members who are on their feet, take your seats.

(Question proposed)

As usual, the screen is full with requests. Hon. Robert Mbui.

Hon. Robert Mbui (Kathiani, WDM): Thank you, Hon. Speaker, for giving me this opportunity.

Hon. Speaker: Compose your thoughts and deliver your messages in five minutes.

Hon. Robert Mbui (Kathiani, WDM): I will need one more minute, because you have taken part of my time.

(Laughter)

Hon. Speaker, first and foremost, this is the most contentious Finance Bill since I was first elected to this House in 2013. This Bill is too contentious that I see it as a drum of poison. The Mover and Seconder have mentioned some amendments that they are proposing and a few things that are okay in the Bill. It is like saying they have put a teaspoon of sugar in a drum of poison. We must reject this Bill in its totality.

(Applause)

The economic situation in this country is dire. Kenyans are struggling and suffering. Very few can put three or four spare meals in a day on the table. Kenyans ask themselves: Do we put food on the table for our children, pay fees or buy clothes? Everything is difficult. Life is difficult. That is one of the reasons you saw our Azimio team going to the streets. We feel that somebody needs to start caring for the hustlers. A sum of Ksh1,000 a few months ago could buy goods that fill a paper bag. Today, with Ksh1,000, you cannot buy even two kilogrammes of sugar or flour. It is a very bad situation.

When we heard that there were proposed amendments to the Bill, we thought that the amendments would deal with those things affecting the cost of living. The 16 per cent VAT on petroleum products has been retained. What does that mean? It means the cost of all goods, services and electricity will increase. There is also an advance tax proposed on public service vehicles and transporters. The minute you increase tax, it will be passed on to the end user. The end user is that person we call the hustler. Who will speak for the hustlers? The turnover tax, a

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tax on doing business where there is no profit, has gone up from 1 per cent to 3 per cent. How do you tax people for having the dream of starting a business? We are told that those at the bottom of the bracket will be assisted. This was a hoax.

Kenyans can now see that the Kenya Kwanza regime never had any good intentions. This House must stand up to be counted. This House must listen to the voice of Kenyans. Over 93 per cent of Kenyans have said they reject the Finance Bill.

(Applause)

Those are people who voted for us. I am shocked that Members can stand up and say: “Despite the fact that our voters are unhappy with the Bill, we shall vote in its support”.

Hon. Kimani Ichung’wah (Kikuyu, UDA): On a point of order, Hon. Speaker.

Hon. Speaker: There is a point of order from the Leader of the Majority Party.

Hon. Robert Mbui (Kathiani, WDM): There should be no point of order.

Hon. Speaker: It is part of the debate.

Hon. Kimani Ichung’wah (Kikuyu, UDA): Hon. Speaker, I rise under Standing Order 91. I hear Hon. Robert Mbui saying that there should be no points of order. That is a prerogative of the Hon. Speaker.

Standing Order 91 speaks to the responsibility for a statement of fact. I have listened keenly to what Hon. Robert Mbui is saying. You invited us to debate the Finance Bill. It is only imperative to us that, when we debate the Finance Bill, we restrict ourselves to facts that are in the Finance Bill. We should not use this opportunity to mislead the country or deliberately play to the gallery. I know *Mwalimu*, Hon. Robert Mbui has been a good teacher and legislator. However, to state the question of Turnover Tax the way he has is what is misleading the country. He knows that too well. He is a good teacher, and he studies widely. He knows Turnover Tax is optional. Either you choose to pay a turnover tax, or you do your returns.

Hon. Speaker: What is out of order, Leader of the Majority Party?

Hon. Kimani Ichung’wah (Kikuyu, UDA): What I found to be completely out of order are the misleading statements not based on facts, which Hon. Robert Mbui is advancing. He should base his claims on what is in the Bill.

(Loud consultations)

Hon. Speaker: Order, Hon. Members. Proceed, Hon. Robert Mbui.

Hon. Robert Mbui (Kathiani, WDM): Thank you, Hon. Speaker. Those frivolous points of order are meant to waste time so that people cannot hear what we have to say. I talked about things that are in the Finance Bill. Even the 3 per cent turnover tax is in the Bill. I said: “When will this House stand up to be counted?” The Executive is controlling us like puppets. The Executive says they will watch how we vote, and I do not know what will happen to us. Hon. Members of this House must ensure that the independence and power of this House is respected so that we are not taken for a ride.

The division of Kenyans by this Executive has gone on for a very long time. They started with hustlers versus dynasties. They talked about companies, shareholders and non-shareholders, which I have heard being alluded to here. We have also been told that this Bill is a fight between those who have salaries and those who do not. We must make sure that we speak the truth. When you tell us that you want Kenyans to feel pain now and they will go to heaven sooner and start enjoying themselves, it reminds me of Shakahola. That is what the people of Shakahola told others. They told them: “Sell all your earthly assets, come to us, starve, suffer in pain, then die, and see heaven.”

(Laughter)

We do not want our hustlers to die. We will speak for them. They are suffering enough. We cannot allow this Bill to continue hurting them more than that.

We have heard it being mentioned here that Kenya is not highly taxed because Tunisia and Morocco are taxed more. That is because their GDP is higher. How do you compare Kenya with some of those countries? The average salary in Tunisia is Ksh176,000 a month. It is Ksh187,000 in the Republic of South Africa. The average salary in Morocco is Ksh263,000 shillings a month. The average salary of a Kenyan is Ksh22,000. How do you compare light and darkness?

Hon. Speaker, let us speak the truth. When I listened to the Kenya Kwanza team speaking during campaigns, they talked about raising hustlers. There is a proposal to tax welfare groups in this Finance Bill. Welfare groups are the *chamas* of our women. They put money together to do table banking of Ksh1,000 each. They put it together and then a member takes it. Now, this team wants to tax that money. This team wants to make money from those women who have worked hard - the hustler women of this country. I mean the *mama mboga* and the *bodaboda*. Can you people be fair to Kenyans?

Hon. Members, let us all stand up and oppose this Bill. Voters are watching. I can tell you that those you respect will not pick up your calls when you lose the next election. By then, we will even have fought those Cabinet Administrative Secretaries (CAS) positions and removed them. They will no longer be there.

Members, please, let us vote wisely.

(Applause)

Hon. Speaker: Order, Hon. Members. In any civilised Parliament, you thump your feet when you approve of what your colleague is saying.

(Hon. Opiyo Wandayi thumped his feet)

You thump your feet the way the Leader of the Minority Party is demonstrating. For the honourable colleagues who are here for the first time, this is not a rally. This is a Parliament. Therefore, thump your feet in approval and keep your silence in disapproval.

Hon. Mohamed Ali *aka* Jicho Pevu.

Hon. Mohamed Ali (Nyali, UDA): Ahsante sana, Mhe. Spika. Ninasimama kuunga mkono. Vile vile, nitaanza kwa kusema kwamba ni vyema sisi, kama Wabunge, tujadili maswala muhimu katika taifa hili na wananchi wake. Ikiwa tutaanza kufanya mazungumzo ya kuleta uvumi na fitina, basi hatutakuwa tunasaidia mwananchi wa kawaida. Hili Bunge lina Wabunge wengi – zaidi ya 300 – na asilimia kubwa ni ya wale walio nje. Hawa Wabunge wakifika katika majukwaa, wanaenda kuchochea wananchi pasi na kuwaambia ukweli. Kuna Mbunge mmoja kutoka upande huu wetu ambaye pia ameenda kuchochea wananchi. Lakini leo hayuko katika Bunge hili kujadili maswala haya ya fedha ili kuwafanya Wakenya waelewe zaidi.

Taifa hili limekuwa la omba omba tangu Kenya kupata Uhuru katika mwaka wa 1963. Kenya imekuwa ikiongozwa na maswala ya kukopa. Kila mwaka ni kukopa ili kulipa wafanyakazi wa Serikali, na kukopa ili kuleta maendeleo. Ndio maana imefika mahali ambapo tunasema kwamba tutajinyima na kujizuia dhidi ya mikopo ili tuanze kujifunza kutafuta hela miongoni mwa Wakenya na kujikomboa kutoka kwa minyororo ya kukopa kila mwaka. Taifa hili haliwezi kukopa hadi kiyama. Ni lazima taifa hili tukaze minyororo, tufunge *long'i* zetu vizuri, tuvae njuga, na tuhakikishe tutafanya hivi kwa mwaka mmoja au miwili hivi, halafu

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mambo yatakuwa sawa huko mbeleni. Unataka tujenge barabara wanazotaka wananchi vipi katika Kenya hii? Unataka tuunganishe umeme vipi? Unataka tupunguze bei ya vyakula vipi, ilihali tutaendelea kukopa kwa Wazungu ili kuleta matatizo kwa Afrika? Ni lazima tujifunze na kustahimili.

Leo hii, Wabunge wenzangu katika Bunge hili wana nguvu kwa sababu kila Mbunge, kama sijakosea, ana nyumba. Wacha nizungumzie hili swala la nyumba, kwa sababu linachukuliwa vibaya sana. Mbunge wa Kenya anachukua Ksh30 milioni za kununua nyumba anapoingia Bungeni kila muhula. Hawa Wabunge wote, pia mimi, ninachukua hiyo pesa na kuhakikisha nimenunua nyumba.

(Loud consultations)

Mhe. Spika, nilinde dhidi ya maneno wanayoyasema. Wabunge, tuwache ubinafsi ili, kwa mara ya kwanza, tuwafikirie hawa wananchi. Ni lazima tujinyime na tujiadhibu ili tuwakomboe Wakenya. Leo unataka kupinga Mswada huu kwa sababu ya kutafuta umaarufu. Hizo ni siasa za *populism*. Tunataka siasa za kukomboa taifa hili. Hatuwezi kuwanyima maskini nyumba, ilhali wewe unajipatia nyumba kila mwaka.

(Loud consultations)

Hon. Speaker: Order, Hon. Members. I see nothing out of order. You will get a chance to say something contrary to what he is saying. That is what debate is all about.

(Loud consultations)

Hon. Mohamed Ali (Nyali, UDA): Mhe. Spika, naomba uniongezee dakika nyingine mbili kwa sababu hawa watu wa Azimio wanapenda kupiga kelele mambo mazuri yakitajwa.

(Applause)

Angalia Mswada huu. Kwanza, unatupatia uhuru wa kuwapatia nafasi wawekezaji waje katika taifa hili. Wawekezaji wengi wataweza kuwekeza katika mji wa Nairobi kwa kuwa wamepunguziwa ushuru kutoka asilimia 37.5 hadi 30. Hii ni kwa masharti kwamba waende wawekeze katika maeneo mengine - Bungoma, Mombasa na Garissa, na sehemu ambazo hazina uwekezaji. Sehemu ambazo hazina uwekezaji zikiekezwa, basi watoto wetu watapata kazi na nchi itapata ushuru na nguvu za kujikomboa. Angalieni yaliyo mazuri ndani ya Mswada wa Fedha. Kwa mfano, asilimia kumi ambayo inalinda soko la ndani kwa kuhakikisha tunaenda kwa sekta ya juakali, tunanunua bidhaa za Kenya ili kuhakikisha tunainua viwanda vyetu. Angalieni yale mazuri; msiangalie ubinafsi, msiwe na tamaa, na msiongozwe na viongozi ambao hawana dira ya uongozi. Kila mwaka ni kusumbua; kila mwaka ni kuambia...

Hon. Speaker: Your time is up. Women Representative for Migori County, you are on the screen. Are you not ready? If you are not ready to speak, please take out your card from the screen to free for others.

Go ahead.

Hon. Fatuma Mohammed (Migori County, Independent): Thank you, Hon. Speaker, for giving me this opportunity. I request to speak for one minute and donate a few minutes to my colleagues.

Hon. Speaker: You cannot donate.

Hon. Fatuma Mohammed (Migori County, Independent): Thank you, Hon. Speaker. All the same, I will speak.

My opinion, as a Member of Parliament for Migori County, is that the Committee has reported that they went around the country, and the people of Kenya suggested that they reduce the House Levy to 1.5 per cent. They are not being sincere. They were doing this out of Kenya, but not in Kenya. Kenyans are saying zero. They do not want it; they are not interested and are unaware of the 1.5 per cent. If they are dishonest even after speaking to *wananchi*, where is their honesty?

The Hon. Chairperson said people told him they want 1.5 per cent. I am receiving calls and SMSs from people telling me to speak for them. In Migori County and Kenya at large, we are not aware of the 1.5 per cent. They never visited Migori, and I believe they only visited their small offices where they sat, took coffee and made decisions for Kenya. We are telling them that we are not interested in the levy. We want food on our tables. Our children are going hungry. We do not need houses. We live in our grass-thatched houses, and we are comfortable with those houses. All we want is food.

As a youth, I am telling you...

(Loud consultations)

Shame who? Shame on you. You should be ashamed. You are either lying for yourself or for your Government. As the people of Kenya and as a youth, I am telling you that whatever you promised us in your agenda, keep it and stop *shakaholaring* us. We are not interested in your houses. We will not get them even if we give you a 100 per cent levy. We know the truth that you do not keep your promises. You are not going to twist us in this. Stop lying to Kenyans and face the reality. Kenyans *wamechoka!* They are not interested in the Housing Levy. They have one request: "Please give us food". Do not give us houses that do not exist. After all, as a Muslim, there is a golden house waiting for me in heaven. I do not need one from Kenya Kwanza.

Thank you, Hon. Speaker.

(Laughter)

(Loud consultations)

Hon. Speaker: Wakili Mureu. Rindikiri.

Hon. Mugambi Rindikiri (Buuri, UDA): Thank you Hon. Speaker. I am not going to dwell on shouting and populism. I will go to the facts. We are dignified Members of this House and have a moral responsibility to guide our thoughts and future.

This Committee is not made of twigs. It is made of professionals who we believe have done a good job. They never sat anywhere taking coffee. They listened, and the Member who has just spoken expressed a lot of ignorance. It is very unfortunate that we can say that our people can continue staying in grass-thatched houses. On housing issues, I am the Vice-Chairperson of the Departmental Committee on Housing, Urban Planning and Public Works. I am not ashamed of standing here to say that I am very impressed by the outcome of the proposal. The clause addresses the need for housing in slums in Nairobi, Kisumu, Mombasa, Eldoret and Nakuru.

We are Members of Parliament in this Chamber who are leading constituencies where 50 per cent of their residents stay in slums. What we are trying to do and what the Kenya Government is doing is to uplift the standards of those people according to Article 43 of our Constitution. The people who are condemning the housing levy should refer to our Constitution. How will we realise giving a clean environment and sanitation if we cannot raise money? We should not deceive ourselves with populist politics. I am shocked that even the

Members of Parliament for Kasarani, Mathare and Kibera are all seated here shouting and condemning the people they are leading. They live in five-bedroomed houses, a five-star house. The Government is giving a long-term solution to the problem and yet, they are here trying to teach us how to think. We are not going to think that way. We want to have a future for our people.

We want to create affordable housing for our children and generations to come. We have to have a fund that is going to do this. This Bill is not only creating houses, but also creating employment for our children. That is the concept of housing. It is going to make utilisation of our local resources, enhance manufacturing and create businessmen. We are dealing with a global and major issue, not the trivial aspect of just the shelter.

The Finance Bill has addressed what every Kenyan is talking about. The *mama mboga* wants roads, education, electricity and health services. How is the Government going to provide those services if we are not going to raise money?

The former Government utilised our coffers when they were exiting. The people in front leading the Azimio brigade are the same battalion that took off with the money that was left at the National Treasury. Shame on you for standing and telling Kenyans about living standards. You took a lot of debts and left this country in debt. Now, where do you think, the money is going to come from?

We are pretenders of the greatest order. There is no way we will lower Kenyans' living costs if we do not increase productivity. Productivity cannot come if no money is invested in agriculture and support services. Let us engage on issues, not populism. My friend Hon. Mbui, I was not born in Parliament, but I want to be counted as one person who...

Hon. Robert Mbui (Kathiani, WDM): On a point of order, Hon. Speaker.

Hon. Speaker: Yes Hon. Robert Mbui. What is the problem?

Hon. Robert Mbui (Kathiani, WDM): Hon. Speaker, we are debating the Finance Bill, and it is very shocking for Hon. Rindikiri, who is on the Floor, to start lecturing me and mentioning my name. It is about debate and the Finance Bill. Whatever emotions he has... Hon. Speaker, please protect me.

Hon. Mugambi Rindikiri (Buuri, UDA): Hon. Speaker, I will call him *mwalimu*.

Hon. Speaker: Order, Hon. Rindikiri. To be fair, Hon. Mbui, you have already contributed. He has even courteously referred to you as "my friend Hon. Robert Mbui" to counter his argument. That is part of the debate.

Hon. Rindikiri.

Hon. Mugambi Rindikiri (Buuri, UDA): On the issue of the cost of living, it is a shame to tell people that it will just come from heaven. Nothing! We must increase productivity. We have to raise money to put into agriculture and manufacturing, and we have to put money into value addition. That is how we are going to address the cost of living.

My friends and good people, you know inside yourself that you are not playing to...

Hon. Speaker: The Leader of the Minority Party.

Hon. Opiyo Wandayi (Ugunja, ODM): Thank you very much, Hon. Speaker. From the outset, I stand to vehemently oppose this Bill. I have been here long enough and I can tell you this is the first time we have come across a Bill proposed by the regime in power that is totally insensitive to the plight of the people. How deceitful can we be? How can you go around the country promising poor helpless Kenyans heaven and in six or seven months down the line you come up with a Bill that essentially seeks to choke them to death? How on earth is it possible that a government forgets the very people it is supposed to protect and turn around to literally kill them?

It is the first time I have witnessed a situation where a Bill is being introduced in the House and a head of a political party in power issuing open threats to Members of Parliament 'that, unless you vote in this direction, you will see, unless you vote for this Bill, you will be

in problems. Unless you toe the line, you will know who I am.” In which country are we living? If this is not dictatorship, what is it then?

Hon. Speaker, going through this Bill... What is out of order?

Hon. Silvanus Osoro (South Mugirango, UDA): On a point of order, Hon. Speaker.

Hon. Speaker: There is a point of order from your colleague.

Hon. Silvanus Osoro (South Mugirango, UDA): Hon. Speaker, is it in order for the Leader of the Minority Party to mislead the House that His Excellency the President has said that, “if you do not pass the Bill, you will know who I am?” Can he substantiate that claim?

Hon. Speaker: Order, Hon. Osoro! At no time did he mention the President.

Hon. Silvanus Osoro (South Mugirango, UDA): It is *Tinga* who said that.

(Loud consultations)

Hon. Speaker: Order, Hon. Members! Avoid unhelpful insinuations. At no time did the Leader of the Minority Party mention the President. He probably means Ichung’wah or somebody else. Let him continue with his argument.

(Laughter)

Hon. Opiyo Wandayi (Ugunja, ODM): As usual, I will ignore Hon. Osoro.

Hon. Speaker, going through this Bill, you will see an attempt to not only ridicule the hustlers or poor Kenyans but to kill them. Why do I say so? We all know that this country solely relies on fuel and petroleum products. Every facet of the economy is driven by fuel and petroleum products. Therefore, the moment you set to increase VAT on fuel and petroleum products from 8 to 16 per cent, it essentially means the cost of living will skyrocket automatically. Everything will be costlier.

Then, you go ahead and remove tax on aircraft, choppers and their spare parts. These are equipment only bought or accessed by the who is who or very rich in this country. On the one hand you overburden the poor person and on the other hand you lessen the burden on the rich person. What logic is this? I expected having heard the regime lament they found empty coffers... Any first-year economics student will tell you that the logical step the regime would have taken was to rationalise the budget and cut off unnecessary areas. But what do we see? The budget has now increased by about Ksh8 billion, over and above last year’s budget. The increment is driven by consumption.

Looking at the amount of money allocated to the Office of the President, Deputy President and Prime Cabinet Secretary, monies are going to service consumption like host banquets, buy flowers and tea. This is a perfect case of a regime living in a different universe and not on earth.

We can go on and on. Take the case of the housing levy. Up to now, the Government including my good friend Kuria Kimani, have refused to define what this animal is. We do not know whether it is a levy, tax, fine or penalty. Nobody knows and then they are telling us that they have reduced it from 3 per cent to 1.5 per cent. They have even worsened the situation because the Ksh2,500 cap which was initially there has been removed. They have now targeted those earning bigger salaries to pay more. They have now taxed the lower-middle- and upper-class people.

Hon. Speaker, let me tell you that in the village where I come from, there are public servants and other employees who have toiled for years. Some of them have about five years to retire. They have their own houses which they have built through different schemes. You want to tell them to part with 1.5 per cent of their pay to deposit in a scheme which nobody knows its intention. If you do basic calculation, the 1.5 per cent of an ordinary primary school

teacher's salary, he will need not less than 200 years to be able to acquire a house, yet this person is retiring in five years' time. So, tell me, who is he saving for or buying this house for? Their grandchildren, great grandchildren or who? Nobody is giving us answers to those very basic questions yet to that poor Kenyan worker in the village, that 1.5 per cent which you are forcing him to fork out can mean a difference between starving to death or surviving. The poor Kenyan workers in the village or here in Nairobi depend on that 1.5 per cent of their salary to put food on the table, buy uniform, pay school fees for their children and all other bills they incur in their day-to-day life. Therefore, this is one of those schemes. In fact, I want to equate it to a pyramid scheme. This housing levy or whatever they are calling it is a perfect case of a pyramid scheme. Kenyans have already said a resounding no to it.

Hon. Speaker, I can go on and on. Looking at the case of poor Kenyan women, girls and boys who depend on the saloon and *kinyozi* businesses, what have they done to them? They have imposed excise duty on human hair, wigs, false beards, eye brows, eye lashes and artificial nails. These people have a bone to pick with poor Kenyans. They do not want our women to be beautiful and our men to be well kempt. They are basically stagnating every poor Kenyan who is struggling. As we speak, those saloons and *kinyozis* employ hundreds and thousands of Kenyans. If you impose such taxes, you are essentially telling them to engage in other activities. On the one hand, you cannot be condemning alcoholism and drugs and on the other hand removing people from gainful employment and throwing them to the wilderness. What a contradiction this is.

Hon. Speaker, as I conclude speaking to this Bill, as we sit here today and debate in this very magnificent Chamber, Kenyans are watching out there. In fact, one hour ago I received not less than 200 messages from Kenyans who are watching us. Therefore, it is incumbent upon us to choose where we want to stand. As a House, do we want to stand on the right or wrong side of history because Kenyans are watching? Do you want to side with the oppressors who have brought this Bill, or do you want to stand with the poor Kenyans? The choice is ours. At the end of the day, it will be neither the issue of Kenya Kwanza nor Azimio. It will be the issue of what position did a leader take at the hour of need. What stand did you take at the hour of need for Kenyans? What position did you take on a contentious issue such as this one? They are watching and it will not matter whether you vote yes or no, and whether yes wins or not. What will matter is where you are standing as a leader of the people of Kenya.

In this country, we are used to giving empty and lofty promises, and then we forget about them soon after elections. This time around, the mood I am seeing out there, and I am very often at home, is that this Bill is a make or break point. It can actually spark a serious revolution in this country. I want to caution you. The Bill can be the spark that will lead to a revolution that will never end. It is going to be a revolution of the proletariat.

Hon. Members: *Uongo!*

Hon. Opiyo Wandayi (Ugunja, ODM): It is going to be a revolution led by the poor hustlers because they have had enough of lies, this chest thumping and bravado. The hour of reckoning has now come. Therefore, I want to say this; even as we stand here to please our masters out there who are watching us, you must understand that the greater masters are the people who voted for us, and not those who imposed us in these positions. This House cannot go down in history as one which disregarded the plight of the people. It must go down in history as a House which stood with the people at their hour of need.

Hon. Speaker, with those very few remarks, I oppose in totality. Thank you.

Hon. Speaker: Hon. Ndindi Nyoro.

Hon. Ndindi Nyoro (Kiharu, UDA): Thank you very much, Hon. Speaker, for giving me a chance to contribute to the Finance Bill. I, of course, rise to support it. I would like to take this opportunity to contextualise this debate and its ramifications.

Hon. Speaker, we just debated our Estimates which we concluded through the Committee of Supply yesterday. We read a Budget of Ksh679 trillion and that is the correct figure. We are not adding our Budget by the other figures I am hearing flying around. Our Budget is precisely Ksh3.679 trillion. I want to contextualise because the work of the Finance Bill and the Departmental Committee on Finance and National Planning together with the Public Debt and Privatisation Committee is to fill in the revenue side of the Budget. What we did yesterday and what we have been doing is the expenditure side of the Budget. Any Government has only four areas of raising revenue: the ordinary revenue, the A-in-A, the grants, and gains from privatisation. Looking at the current Budget as it is, on our revenue side, Ksh2.57 trillion is ordinary revenue; Ksh347 billion is Appropriations-in-Aid; Ksh42 billion is the grants; and therefore, that gives a much lower deficit from what we had last year. That is about Ksh718 billion to Ksh720 billion.

Hon. Speaker, because I want to contextualise, on the expenditure side, Kshs2.3 billion is the expenditure of the National Government which incorporates Parliament and the Judiciary. We also budgeted for Kshs986 billion in Consolidated Fund Services (CFSs) in payment of our debts and especially the interest rates and Kshs385 billion that we will be sending to our counties as Equitable Share.

Why am I giving all these details? This House has a choice to make. We passed the Estimates of the coming financial year. What do we want to achieve so that we can contextualise and put on the same platform the amount of money we need? Whatever I have enumerated on the revenue and expenditure sides, balances. Therefore, any variation on the revenue side has to have a corresponding effect on the expenditure side. Out of the Ksh3.679 trillion, we are spending the same revenue we are collecting through the finance side. The Ksh630 billion is going to the education of the Kenyan children. Through this Budget, and of course being supplied by the resources from the Finance Bill, we have been able to add an extra Ksh10 billion to those who are in Junior Secondary Schools to capitalise the students. Through the same revenue that we are collecting, we have been able to double our Higher Education Loans Board (HELB) allocation from this year's Kshs15 billion to Kshs30 billion. We have also added Kshs10 billion to the NG-CDF. Every constituency will be receiving between Ksh25 million to Ksh45 million depending on the formula in the next financial year. We have doubled the amount of money we give the Public Service Commission in terms of hiring interns. Next year, we are going to hire 8,000 interns instead of the 4,000 that we hired this financial year.

Hon. Speaker, we have allocated Ksh249 billion to our roads. We have been able to give our farmers fertiliser. As a House, as we debate the Finance Bill, the question we must ask is this: what is it that we have a problem with, in terms of the expenditure? We have to support the revenue side of the Budget because that is where we draw the resources to take our Kenya forward through infrastructure and any other kind of development that we are undertaking.

I support, 100 per cent.

(Applause)

Hon. Speaker: Thank you, Hon. Ndindi Nyoro. Hon. Masara. Give Hon. Masara the microphone. Hurry up.

Hon. Peter Masara (Suna West, ODM): Thank you, Hon. Speaker. Thank you for giving me this opportunity to contribute to this Finance Bill of 2023.

First, I want to appreciate the Kenyan people. For the first time in history, they have really participated and contributed towards the Bill. This is where we have seen Kenyans exhibiting public participation. I want to encourage all Kenyans to be doing this in every Bill so that they can participate in governance.

Having said that, I want to correct an impression which was given by my friend, Hon. Mohammed Ali. On the mortgage that we are given as Members of Parliament (MPs), I want to state that we pay for it plus interest. It is not free money for us because it is being deducted from our salaries. Therefore, somebody should not say that *tuko na ubinafsi*. It is a right we have been given as Members of Parliament and we pay for it from our salaries.

Hon. Speaker, I want to also correct people who have said that we cannot continue borrowing. America and Japan are very stable economies. But if we compare their GDP plus their debt portfolio, you will find that they borrow. However, they utilise their borrowing well to an extent that they give other countries their money which they have borrowed. Therefore, this country can continue borrowing, but we must utilise the money we borrow to trigger development in the economy. In doing so, the borrowing will help the economy.

Hon. Speaker, Clause 28 of the Bill talks about issues to do with fuel. Fuel is a factor of production. If you increase the prices of fuel, all other things will increase. It means that those who are doing production, will increase the prices of items.

I also agree with my Chairman of the Budget and Appropriations Committee that the Budget must be financed. However, the timing is bad. As we speak, Kenyans cannot afford three meals in a day. They are taking two meals: breakfast and supper while some are taking one meal per day. Therefore, if you increase any tax, the Government is not going to realise the objective because the purchasing power has gone down. Even if you say you are paying 16 per cent, people will no longer use their vehicles. They will use *matatus*. That means that the vehicles will be parked at home and therefore, you will be collecting less revenue.

If you read today's *Daily Nation* newspaper, it is talking about the number of billionaires who have left the country because of high taxes. If we pass this Bill in entirety the way it is, too many investors, manufacturers and people who can contribute to the development of this country are going to leave this country and go and invest elsewhere.

My suggestion is, the Budget must be financed. However, why must we employ a Governor who has served two terms and with a pension to be a Chief Administrative Secretary (CAS)? Why should we employ a Member of Parliament who has served three terms and with a pension to be a Chief Administrative Secretary (CAS)? Do we really need them? My proposal for this country is: let us put our priorities right and cushion the current population for the time being until the economy stabilises.

I am a strong believer that we must pay taxes. People who pay taxes and in turn get development celebrate when they see what they have worked for. But if we pay taxes to pay two-term governor's salaries, that would be injustice to the people of Kenya.

If you read in front of you, "For the Welfare of the Society and the Just Government of the People" will we be really just if we overtax our people in a time when they really need us? I want to be in the right side of history that the timing is bad. Let us look for ways of financing the Budget by reducing the expenditure, sealing loopholes of corruption, putting our priorities right and we are going to finance the Budget.

Thank you, Hon. Speaker. I oppose.

Hon. Speaker: Give (Dr.) Chikati the microphone.

Hon. John Chikati (Tongaren, FORD-K): Thank you, Hon. Speaker. I just want to give a summary picture of the outlook of the Finance Bill. The way I understand it, it seeks to boost the ordinary revenue as a share of the GDP to 25 per cent.

I will give a summary picture because of time. It also seeks to increase tax compliance rate from 70 to 90 per cent. As you know, one of the challenges facing Kenyans is the issue of tax compliance.

Thirdly, the Bill seeks to address the issue of counterfeits and expand the tax base. The issue of counterfeits and tax evasion is a big challenge to the Kenyan community.

Fourthly, it seeks to address the issue of debt repayment and help the Government to gradually reduce the overall Government's expenditure through elimination of non-priority expenditure, consumption subsidies, use of private-public partnership, rolling out E-procurement systems and other measures.

The Bill seeks to mobilise resources to help finance deficit which arises out of expenditure that exceeds our revenue.

In summary, I will support the Bill. Thank you.

Hon. Speaker: Hon. Otiende Amollo.

Hon. (Dr.) Otiende Amollo (Rarieda, ODM): Thank you, Hon. Speaker. I oppose this Bill in its entirety.

I submit that this Bill is irredeemably and irretrievably bad, and inimical to the well-being of Kenyans at large. That is essentially conceded by the Chairman of the Committee. Hon. Speaker, in moving the Bill, he ended up moving the Report rather than the Bill.

He essentially dwelt so much on the things to be removed from the Bill rather than the contents of the Bill. That means that the right thing to do is to reject the Bill so that we go back to the drawing board. Alternatively, they withdraw it and put all those things in the Bill that they will bring. To say we intend to, is a wish proposition. There is no assurance that it will be done. Ninety per cent of Kenyans have rejected this Bill. Majority of all those who have submitted their memos have also rejected this Bill. This is for a very simple reason. The reason is this: excessive ...

(Hon. GG Kagombe rose on a point of order)

Hon. GG Kagombe (Gatundu South, UDA): Hon. Speaker, we have a responsibility to...

(Loud consultations)

No, no. Wait and calm down. I stand under Standing Order 95(A). Hon. Otiende Amollo, with all due respect, when you stand on national television, here in Parliament where we are broadcasting live and say that 90 per cent of Kenyans are opposed to this Bill, what statistics have you laid on this Table to say that you have done research and found that 90 per cent of the people are opposed to this Bill?

Hon. Speaker, 90 per cent is mathematics. These are numbers and numbers do not lie. You must be responsible for the statement that you place on this Table. Hon. Speaker, let him please substantiate where he got the figure of 90 per cent.

Hon. Speaker: I hear you. Proceed, Hon. Otiende Amollo.

Hon. (Dr) Otiende Amollo (Rarieda, ODM): Thank you, Hon. Speaker. That objection is symptomatic to the problem this side is having. They do not listen to the radio stations, they do not read the print media and neither do they watch television stations. If they did, they would not ask such a question.

Let me continue, Hon. Speaker.

Hon. Speaker: Order, Hon. Otiende Amollo. You are normally more balanced than that. Hon. Kagombe cannot be the sides. He is an individual.

Hon. (Dr) Otiende Amollo (Rarieda, ODM): Thank you, Hon. Speaker. I will proceed. The point I am making is that excessive and generalised over taxation of Kenyans will only further burden Kenyans who are already suffering. The cost of living is very high. Therefore, it is a lie to say that you want this Budget to pass in order to alleviate the suffering of Kenyans.

I wish to submit that there are only three answers to the problems that we have right now: posterity measures, reduction of corruption and rationalisation of Government.

I do not understand how a Government that says that already there is a problem, insists on increasing the overall Budget from Ksh3.3 trillion which was in the previous year to Ksh3.67 trillion if you admit there is no money. What is the principle? If you have no money, you cut your coat according to size. You do not say you must increase it and therefore, overtax.

Secondly, how does a Government that says we are short of money explain why you must create offices that you do not need? You do not need the Office of the Prime Cabinet Secretary. You do not need all the 24 Cabinet Offices. The Constitution allows you a minimum of 14. You do not need over 51 Principal Secretaries. You do not need over 50 Chief Administrative Secretaries (CASs). All these are taking public money.

It is unfortunate that a Member of Parliament should seek to mislead the public by saying that Members of Parliament get money for houses which is not true. It is a loan that we take and repay at 3 per cent. If that is your position, then take away that free house because we do not have it. Do not tax Kenyans on it.

Hon. Speaker, corruption, corruption, corruption. In all these words, you will never hear the word anti-corruption from the words of those who speak for the Government side. In fact, you only see the demonstration of those who are facing corruption charges being withdrawn. It is on record from the previous President that we lose Ksh2 billion every day to corruption. If we could reduce that to Ksh1 billion, we would fix the gap that they are talking about in the Government.

Then there is rationalisation. Hon. Speaker, you are aware, and this House has debated in the previous Parliament, and there was a report that suggested that we do not need the over 530 ministries and departments of Government or parastatals that we have. Most of them are duplicative. It was suggested that we should reduce them to barely 50. Instead of reducing them, we have a situation where we are sustaining even those which were moribund, those which were not working. We are giving opportunities to others to earn a living.

Hon. Speaker, my two minutes were taken, can I get my two minutes back, please?

Hon. Speaker: I will give you one.

Hon. (Dr) Otiende Amollo (Rarieda, ODM): You must listen to us, because even if you use the majority to pass this Bill, there are courts. Even if you deal with the courts, there are the people who are sovereign.

My two closing remarks are: One, you cannot have a situation where you are bringing the housing tax here. I want to invite you to note that first of all, under Schedule Six, the role of housing is for the counties and not the National Government. I invite you to look at Clause 8(d). The National Government is only to do the housing policy. Therefore, when you bring in the question of housing and introducing the tax, you are amending the Constitution through the backdoor. It also means that this Bill should go to the Senate because the Senate must have a role in anything that affects the counties. That is a point that you need to bear in mind.

(Applause)

Lastly, it is a matter of the Constitution that you cannot introduce servitude by telling someone that they must pay tax which will not benefit them, but will go to the shareholders, as your leaders have told us. That is servitude that we must reject and we must reject this Bill in totality.

Thank you, Hon. Speaker.

Hon. Speaker: Thank you, Dr Amollo. Members, before I give the next speaker a chance, allow me to acknowledge the following institutions in the Public and Speaker's galleries. Tender Care School from Embakasi East, Nairobi County; Ontulili Boys School from Buuri, Meru County; Moi Girls' High School from Kibra, Nairobi County; CITAM Schools from Makadara; and, Kongoi Secondary School from Kuresoi North, Nakuru County.

Let us have Hon. Mary Emaase.

Hon. Mary Emaase (Teso South, UDA): Thank you, Hon. Speaker, for this opportunity to contribute to the Finance Bill. This is a very important Bill, and I urge Members to debate soberly and objectively devoid of any emotions.

Secondly, as we discuss the Finance Bill, we cannot discuss it in isolation. We need to look at the entire equation. Look at the Budget together with the Finance Bill, I am happy that Members agree that we must raise money to finance the Budget. That is what the Finance Bill is all about. It proposes measures to raise money to finance the budget. When I listen to Members say that this Bill does not in any way improve lives or that it should be rejected, I look at them and wonder whether they listened to the discussion on the Budget and where we are proposing to distribute the money to. We must make a decision. It is a hard decision but this is our country in which we live, and we have to make it better. We, therefore, must make a decision.

The elephant in the room is that the Chairman of the Budget and Appropriations Committee has just enumerated and reminded us about the figures, and what our Budget is. And we know how we have borrowed heavily in the past, and that is what brings us to the state in which we are today. Sixty per cent of our revenue goes towards paying the loans that we owe. Therefore, we can decide to continue with subsidies and have less taxes. You can choose to go that direction, but the question you should ask yourselves is: for how long shall you be able to sustain the subsidies? I hear people saying that when we reduce taxes and we continue to give subsidies, we attract more investments and the country is able to grow. Reducing taxes is just one of the factors, but there are very many other factors of production. You will need to provide accessibility, that is roads, and you may need to provide electricity and many other factors. It is, therefore, not automatic that by reducing taxes, we shall be able to spur growth and improve things.

Hon. Speaker, I support this Finance Bill and the position by the Kenya Kwanza Government, that we need to raise more taxes as a country and borrow less so that we are able to allocate money to core sectors of the economy. In fact, the questions we should be asking ourselves are questions on accountability, austerity measures and how we can fight corruption so that together we are able to raise money. That is in our budget we are allocating money to sectors like agriculture to enable us increase production. Ultimately, the forces of demand and supply will help bring down the cost of goods and cost of living. We are putting money to sectors like digitisation and industrialisation to enable us create employment opportunities for our children.

The Finance Bill in its entirety is not a bad thing. I support it. I have listened to Members contributing. I was expecting them to say, “I do not like this, this is not for Kenya and this is what I am proposing.” I want to commend Hon. Masara because he is the only one who has said, “this is bad. We probably should not have done a, b and c.”

I thank the Committee. It has not been easy. They have tried. In particular, I see that they have listened to Kenyans. They are proposing some reductions. On the 3 per cent National Development Housing Fund, they are reducing it to 1.5 per cent. The only thing I would like to request the Chairman as he replies, is to expound more on the difference between moving from mandatory contribution to a levy. If you look at Clause 36, you will find that they have also proposed to remove the 20 per cent mandatory deposit for those companies or individuals with tax disputes.

Hon. Speaker: Thank you, Hon. Mary Emaase. Member for Kaloleni Constituency, Hon. Kahindi Katana.

Hon. Paul Katana (Kaloleni, ODM): Asante, Mhe. Spika, kwa kunipa...

(An Hon. Member spoke off the record)

Hon. Speaker: I am sure you know your constituency, Hon. Member.

Hon. Paul Katana (Kaloleni, ODM): Asante, Mhe. Spika, kwa kunipa muda huu kuchangia Mswada huu wa Fedha wa 2023.

Ninapinga Mswada huu kwa sababu gharama ya maisha imepanda kiwango kikubwa zaidi. Na gharama hii haijui ni nani yuko Upinzani na aliye ndani ya Serikali. Taabu hizi tunazipata sote kama Wakenya. Ukiangalia ile nyongeza ambayo inaongezwa kwa mafuta, ukiongeza ushuru kwa mafuta, utapata kila kitu kinapanda. Anayeumia zaidi ni yule ambaye alikuwa akiongelewa: mama mboga na waendeshaji wa bodaboda. Hii ni kwa sababu hakuna tofauti ya mama mboga, mwendeshaji bodaboda na Mbunge au Rais. Kama ni mafuta, tunanunua lita moja kwa bei sawia.

Bw. Spika, wakati Serikali hii iliingia uongozini, iliahidi Wakenya kuwa gharama ya unga na ile ya bidhaa muhimu ingeshuka. Lakini kufikia sasa, gharama ya maisha imepanda maradufu. Kikwetu, tunajua dalili za mwanaume kuwa na mbegu za kuzalisha na kama hana utajua. Pale nyumbani, babako akiona mkaza mwana ameanza kutema tema mate, anajua ni dalili kwamba kumefanyika jambo na anatarajia mjukuu. Lakini, hatuoni dalili za kutema mate kutoka kwa Serikali hii. Kila siku wanatangaza tu kuwa, “Bibi yangu ana mimba” ila hatuioni. Tunahadaiwa. Serikali ilisema itashukisha gharama ya maisha. Wananchi wamesema tusiongeze ushuru ili gharama ya maisha iende chini. Serikali inafaa kuzingatia wananchi waliodai kuwatetea ili wapate nafuu.

Hata Wabunge walio kwa Serikali, imekuwa ni vigumu kwao kuenda mashinani kuonana na watu. Sisi wenyewe hatuna hela mifukoni. Basi tutawasaidia vipi wapiga kura? Dhana hii ya kuwa Wabunge wanapewa pesa za kununua nyumba ni potovu. Ule ni mkopo na tunalipa na riba. Nimechukua mkopo wa nyumba sasa hivi ambao unakatwa katika mshahara. Nyumba hii ninayolazimishwa kulala ni ipi? Mpango huu wa nyumba unafaa kuwa ni kwa hiari. Anayetaka nyumba akatwe pesa katika mshahara ili apate nyumba. Yule aliye na nyumba naye afanye shughuli zingine kama kuelekea na kuongeza biashara yake. Badala ya kupunguza ushuru wa nyumba, wangepunguza ushuru wa mafuta na gharama ya maisha ingeshuka chini.

Kama ni ahadi, Serikali hii imeahidi vya kutosha. Kama ni lawama, imelaumu vya kutosha. Tunataka tu kuhakikisha kuwa gharama ya maisha inarudi chini. Katika siku za usoni, itakuwa ni vigumu hata ongezeko la watu kufanyika hapa nchini kwa sababu makapera hawana pesa za kuoa.

Hon. Speaker: Hon. Silvanus Osoro.

Hon. Silvanus Osoro (South Mugirango, UDA): Thank you, Hon. Speaker. From the outset, I support the Report by the Departmental Committee on Finance and National Planning with regard to the Finance Bill.

I will restrict myself to the Housing Levy. I once asked my grandfather where he was when his peers were being allocated huge tracks of land in Gusii. He told me that it did not matter to him to own huge tracks of land at that point because he could not imagine that the population will grow and that land will be inadequate. This is the same challenge we are facing as far as the Housing Levy is concerned. Because of the carelessness and the do not care attitude that my forefathers had on land allocation, even as a Member of Parliament, my house sits on a 50 by 100 piece of land in Kisii.

It is the prerogative of every Government to think and create structures that define the future of a country. I am surprised that we are seated here just talking about matters today and now, not imagining what will befall this country as the population grows day-in-day out. When Members of Parliament rise on their feet to tell people that the housing issue is not a necessity... We all know that it is important to have food and clothing but shelter is also important. This Government is focused on that. When you refer to the importance of food, this Finance Bill has catered for that by zero-rating taxation on the farm inputs. In the coming days, the cost of food

production will be low, food will be adequate and people will have a lot of energy but they will not have shelter. That is why we need to pass this Finance Bill. If we will not think of anything else, let us think of the housing issue.

Back in my hometown, Gusii is turning into a village slum. There is no land. However, the Government owns some pieces of land that we want to make use of. Even as we think about today, we also need to imagine the urbanisation in the next 20 years to come. Kenya is largely urban where everyone is moving to urban centres. This Finance Bill is going to build structures in our own sub-counties so that the inadequacy of land does not affect us. Our people will have shelter and because farm inputs are being zero-rated, then our people will have food and will live decent lives. This is the essence of the Finance Bill.

Hon. (Dr.) Otiende Amollo raised the issue on cutting down of the Budget. However, yesterday, we stayed here till 10.00 p.m. and not a single Member from the Minority, except Hon. Oluoch, was in this House to challenge the Committee of Supply when we were allocating funds. We allocate and reallocate funds in this House. If you wanted to downsize the surplus of a particular...

Hon. Speaker: Hon. Osoro, be fair to Hon. Beatrice Elachi. She was here till the end.

Hon. Silvanus Osoro (South Mugirango, UDA): Hon. Speaker, I stand guided. Hon. Beatrice Elachi and Hon. Anthony Oluoch were here. The rest were not here. You are talking about cutting down the Budget which is a prerogative of this House. Hon. (Dr.) Otiende Amollo, you were not here. Who else did you want to cut the Budget? You are complaining that we are collecting money left, right and centre. That Budget and surplus was passed here. It is a complete shame that you were not here.

Kenyans should know that the Budget is funded by our taxes.

Hon. Speaker: Add him one more minute.

Hon. Silvanus Osoro (South Mugirango, UDA): Thank you, Hon. Speaker. The Budget displays where the revenue comes from. We passed the Budget yesterday, and now we are justifying our collection through this Finance Bill. Even as you challenge the Finance Bill, ask yourself, what element of the Committee of Supply you challenged yesterday. None. You are asking us to borrow. To what extent can this country borrow? Do you want us to go the Ghana way? Why are you defending the content creators yet we reduced their taxation from 15 per cent to less than 10 per cent? Why do you want to play populous politics when you know you also need salaries, you need to build classrooms and roads? You are here shouting about NG-CDF. Where do you want that money to come from?

Hon. Speaker: Hon. (Dr.) Jackson Kosgei.

Hon. (Dr) Jackson Kosgei (Nominated, UDA): Thank you Hon. Speaker, for giving me this opportunity. As I present my thoughts to this august House, I support the Bill.

At Independence, our founding fathers had a conversation on how to move our newly independent countries forward. They discussed how to develop a philosophy not purely founded on Western capitalism or Eastern socialism, but they looked at what they called African democratic socialism. It had three themes. First, they wanted to develop Africa with equitable economic development. Second, they talked about an inclusive formation of our social structure. They also developed three strategic philosophies that informed our Sessional Paper No.10 of 1965. As they addressed a Finance Bill like we are doing today, they talked about how to build an economy that will promote self-reliance, national unity, and national development by pooling our resources.

I am the son of a veteran soldier of the war in 1945. When I contracted polio, he told me, 'Son, now that you have contracted polio and lost your legs, you will face a challenge. You have no option, but to improve upwards. Never become a victim of paralysis by analysis'. If we think that Africa is poor and we continue to say so, we will be paralysed. We must look for

a solution. Therefore, I encourage my fellow leaders that if we would like to be self-reliant as a country, the best thing to do is to look at what we have and use it to improve our nation.

I support this bold budget which encourages Africans to be independent. Details about how to alleviate our situation and other mitigating factors in the country... Let us not send a message to Kenyans that we are done. We are not. We can rise up again. I encourage the House to support this Bill without intimidating our country.

Thank you, Hon. Speaker.

Hon. Speaker: Thank you, Dr. Kosgei. Hon. Peter Kaluma.

Hon. Peter Kaluma (Homa Bay Town, ODM): Thank you, Hon. Speaker, for this opportunity. The main reason parliaments exist in the world is because of the doctrine that there cannot be taxation without representation. I beg to remind both sides of the House that once this Finance Bill is passed, it will be you who taxed Kenyans. That is why you are directly elected by Kenyans.

I have a problem with Clause 2 in terms of the definition of the word “person”. I know that the Chairperson of the Committee is listening. My interpretation of Clause 2, reading it together with Section 26(5) of the Tax Act referred, is that the definition of the word “person” includes everybody. The definition of the word “person” under Section 26(5) of the Tax Act includes your ancestors. If we do not look at it again, I fear that we will have a situation where in the definition of the word “person”, you will be obligated to take over the tax obligations of your relatives, including those who are dead. I request the Departmental Committee on Finance and National Planning to look at this as we proceed to the Committee of the whole House.

Hon. Speaker, I have an issue with Clause 36. My view is that this will fundamentally deny people access to justice. This happens especially when we are approaching elections. You remember that when we were approaching the last elections, we were hit with big taxation claims on things that we did not owe. The danger of Clause 36...

Hon. Speaker: Order, Hon. Peter. Hon. Rahim, what is out of order?

Hon. Rahim Dawood (North Imenti, Independent): Thank you, Hon. Speaker. I think Hon. Kaluma is misleading this House, or he has not read the Report. The Committee has already proposed to the National Treasury for Clause 36 to be deleted. It has already been deleted. He should read the Report.

Hon. Speaker: Hon. Kaluma.

Hon. Peter Kaluma (Homa Bay Town, ODM): I have read the Report. The Committee proposed deletion of that clause. However, until it is deleted and the House resolves so, it is part of the Bill. I encourage the Committee that if there is a proposal to delete that clause, let it not suffer the fate of other proposals by committees which were dropped on the Floor of the House because there will be grave consequences. I am telling Hon. Dawood that a person will hit you with a taxation claim of over Ksh2 billion or Ksh20 billion while we are approaching the elections period. As you know, you will be unable to get a Tax Clearance Certificate until you deposit Ksh20 million or Ksh200 million so as to proceed to exercise your rights thereunder. It will deny some people access to justice, which is a fundamental right. If the Committee has recommended deletion of that clause, I request that you proceed and deal with it.

I am concerned about Clause 24 which talks about the increase of PAYE to 35 per cent for certain categories of people. I want the Committee to consider those people in fixed-term contracts like State officers within Parliament. You know who State officers within Parliament are. Previously, State officers within Parliament had the right to salary increments like all other employees under the Employment Act, but when the terms for some officers were gazetted, particularly Members here, their annual salary increment was taken away. The consequence was that many people under that arrangement went into single-term contracts without increment. The fact of the matter is that we may just be talking, but many of us do not take any

salaries home because we have taken mortgages. When we increase PAYE to 35 per cent yet we had entered into arrangements that we cannot renege on, where will we get this money from? You know the terms of a mortgage. Where will we get the additional 5 per cent to pay for our mortgages? I do not know about other Members, but newspapers have written reports confirming that I earn zero because of my mortgage. It is a contract that you cannot rewrite after you enter into it. Will we think of situations such as those fake stamp contracts without an annual increment? What measures are we talking about?

Hon. Speaker, the issue of VAT on fuel has been spoken to, but the fact of the matter is that this will affect everybody. Across the world, finance bills are negotiated. In the last Parliament, I remember the Jubilee regime wanted to increase VAT to 16 per cent. Due to negotiations and after weighing the situation of the economy, we settled on VAT at 8 per cent. Because this will affect many other economic issues, I request that we leave it where it is.

Hon. Speaker, on the Housing Levy, Hon. Otiende brought in the element of it being a county function. I think we considered that. In addition to the fact that this is county function, it is not clearly defined how a person will benefit from their contributions to this levy. In as much as some people may want to push it, let us define it. If it is not a tax, define how we will benefit from it. We are levied for the National Health Insurance Fund (NHIF), the National Social Security Fund (NSSF) and others, but you can benefit from them. How are we directly benefiting from the Housing Levy? If we are not, I fear we may be violating Article 40 of the Constitution on people's property rights.

Hon. Speaker, there is an issue under Clause 51. I am saying this because the Chairman is listening to me and the Committee is also here. The area of tax amnesty is something we should delete from our laws completely. There is a time I visited a commissioner in charge of taxation. While sitting on his desk, there was a person who was supposed to pay the country tax of over Ksh10 billion. However, the Cabinet Secretary just wrote that he would pay Ksh200 million, but not Ksh2 million. We lost all that money. We need to stop amnesty. As Members of this Committee present the Finance Bill, we should question why we allow amnesty. Why are we allowing it up to 31st December 2022? Whom do we want to give amnesty to, before we enforce the law rightly? It has been happening.

(Hon. Peter Kaluma spoke off record)

Thank you, Hon. Speaker.

Hon. Speaker: Finish your point.

Hon. Peter Kaluma (Homa Bay Town, ODM): Hon. Speaker, I request that you look at that. If we do not have some fat cows to be... I believe nobody should be saved from taxation. Remove the idea of amnesty and let us go after people.

Lastly, we lose over Ksh700 billion to corruption in this country each year. Look at the budget for the Ethics and Anti-Corruption Commission (EACC) and other agencies fighting corruption which we passed yesterday. We cannot be debating in retrospect. If we save the money that we lose to corruption, then your budget, in terms of what we need, will be Ksh2.1 trillion. We will have a lot of money to spend. The problem is that we encourage corruption. People whom we should take money from are given amnesty. I request that we look at all those issues and the others which were raised by the Members.

As long as those issues are not looked into, I oppose the Finance Bill.

Hon. Speaker: Wakili Muriu.

Hon. Wakili Muriu (Gatanga, UDA): Thank you, Hon. Speaker for giving me this opportunity to contribute to the Finance Bill.

First and foremost, I would like to support this Bill for the following reasons: this is an economic growth resuscitation Bill. The interventions proposed by this Bill address the core of

our economy. The Finance Bill addresses the debt level and how we can get out of it. Currently, our debt level is close to Ksh10 trillion. We spend over 60 per cent of our collections to pay those debts.

The second issue that this Bill is trying to address is unemployment. We have six million youth who are qualified to be employed, but sadly, they are getting wasted. The other issue that this Bill addresses is the cost of living. As you are aware, the cost of *unga*, sugar, and education is high. Even in all these circumstances, our people want good roads, water and bursaries for their children. They also want to chase away darkness by having electricity. How are we supposed to address all these challenges by avoiding to pay taxes?

My position is very simple. Look at the provision on manufacturing. The Finance Bill has addressed clearly the issue of our industries, which is a sad story. Currently, our manufacturing industry contributes only 7.2 per cent of our GDP down from 9.2 per cent a few years back. I know the manufacturers have an ambitious plan to raise that to about 30 per cent by 2030. However, that cannot be achieved if we do not protect our local manufacturers. We should support them. We can do that by zero-rating the Excise Duty, especially on goods produced locally. We should also put Excise Duty on the goods which are imported yet they can be manufactured locally, for example, furniture which come from China and other countries, sugar, iron, and steel. That is the only way we can resuscitate our manufacturing industry.

Secondly, manufacturing supports 40 per cent of our employment. The biggest challenge is that we have a highly educated, but unemployed population of young people. The only way we can deal with that is to ensure that we address the element of manufacturing. It is the only way we can place them in employment.

Thirdly, we need to address the digital economy. As you are aware, Kenya is one of the leading countries in terms of innovation economy. The countries around Kenya look up to us just to copy what we are doing. Look at the way we have embraced the telephone technology, payment and lending systems. The countries around Africa look to Kenya as a shiny star but the question is: Have Kenyans benefitted from that bubbling economy? The proposed tax is for purposes of having that industry contribute to the economy of this country as we create employment.

I thank you, Hon. Speaker for the opportunity. I support this Bill.

Hon. Speaker: Hon. Fatuma Jehow.

Hon. Fatuma Jehow (Wajir County, ODM): Thank you, Hon. Speaker for giving me this opportunity. I rise to oppose this Bill. There is no doubt we are on an economic down-turn. Our economy is collapsing. If we were to deliberate this Bill as non-Members of this honourable House, I can assure you none of us would pass this Bill. I say that because of the following reasons. I will start with the Housing Levy.

I have just looked at the Report and they are telling us they have proposed a 1.5 per cent levy. They are telling us they are going to build 50,000 affordable housing units. I would like to ask these Hon. Members and the Chairperson of the Committee if they have given us the timelines of this proposed affordable housing. What is the budget? How many Kenyans are they going to settle in the 50,000 houses out of the 50 million Kenyans in the country? Let me give an example of a payslip of a teacher or a police officer. I wish I came with a payslip of a teacher. These people are servicing very many loans. We are adding to them a housing levy of 1.5 per cent. How are they going to pay? Our police officers are dying out of depression because of the loans they are paying. We cannot deduct from them further!

Collecting and taxing citizens is not a bad thing, but this is not the right time for the people to be taxed. It has come at the wrong time. It is about the people we represent. Today, I take this opportunity to talk to His Excellency the President. The people who are seated on the other side are not passing this Bill because they want it. They are doing it for you.

(Loud consultations)

Hon. Speaker, I want you to protect me. History will judge us for passing this Bill. There is no point of order here, Hon. Speaker.

(Loud consultations)

Hon. Silvanus Osoro (South Mugirango, UDA): Point of order, Hon. Speaker. We are debating the Report on the Finance Committee.

Hon. Speaker: No, we are debating the Finance Bill. Give him the microphone.

(Laughter)

Hon. Silvanus Osoro (South Mugirango, UDA): Hon. Speaker, it is not in order for Hon. Fatuma to impute improper motives on her colleagues as far as the debate is concerned. She is saying that we want to please the President. This Bill is not owned by the President. It is owned by this House. She has an opportunity to support or oppose. The majority will have their way and the minority will have their say. It is wrong for her to impute improper motives on her colleagues by saying that we want to please the President. It is an insult to her colleagues yet she does not attend House proceedings.

Hon. Speaker: Order! Hon. Fatuma, each Member is here in their own right. So restrict yourself to the Bill.

Hon. Fatuma Jehow (Wajir County, ODM): Thank you, Hon Speaker. I will continue with my contribution. I am here as the County Member for Wajir. I will speak my mind and say what I think is right. I am here courtesy of the people of Wajir. I equally represent Kenyans.

There is no doubt that manufacturers are leaving Kenya. In today's newspapers, we have read that billionaires are leaving Kenya. It has come to our attention and we need to do something. The Government is currently spying on our M-Pesa transactions. We cannot deposit even Ksh100,000 on our M-PESA accounts because it is taxed. We need to put our foot down and think, for heaven's sake. It is not about which party you belong to.

Hon. GG Kagombe (Gatundu South, UDA): On a point of order, Hon. Speaker.

Hon. Speaker: What is your point of order? Give the microphone to Hon. Kagombe.

Hon. GG Kagombe (Gatundu South, UDA): I rise on Standing Order 91(1). Saying the Government is spying on M-Pesa transactions is a very grievous accusation. It needs to be substantiated. This House has a responsibility to debate such a breach of privacy of Kenyans. The Member cannot stand here and talk about it and move on. She needs to substantiate what she is saying.

Two, we are discussing the Finance Bill, which has nothing to do with the issues she is raising. She knows the proper way to raise such an issue in this House: through a Motion or a Bill.

Hon. Speaker: Hon. Fatuma, wind up because your time is up.

Hon. Fatuma Jehow (Wajir County, ODM): Thank you, Hon. Speaker. When I talk about M-Pesa, I am talking about technology. I will leave it at that and proceed to food security. The Bill proposes 16 per cent VAT on fuel. I need someone to explain this to Kenyans. When you impose 16 per cent VAT on fuel, how do you expect to secure food in this country? Everything depends on fuel.

Hon. Speaker, I have been interrupted and I have forgotten a few things. We need to earn the trust of Kenyans. We remember what happened with the Galana-Kulalu Project and the millions of shillings that were spent on it. We need to earn the confidence of Kenyans.

Hon. Speaker: Hon. Makilap.

Hon. Joseph Makilap (Baringo North, UDA): Thank you, Hon. Speaker. At the outset, I support this Finance Bill as a Member of the Departmental Committee on Finance and National Planning and as a Member of Parliament for Baringo North. There are bustling events that have happened. One, yesterday we considered the Estimates Vote by Vote and approved the expenditure part of the budget, knowing very well that this budget shall be financed by ordinary revenue that will be collected through the Finance Bill. Hon. Speaker, it is very illogical to attack the Finance Bill that tries to raise revenue to finance this country's budget.

We are all Kenyans, regardless of the political divide we come from. The budget we passed, clause by clause, yesterday, has programmes that cut across the Republic of Kenya. How then do we finance these programmes if not by using our resources? I am a believer of Kenya. I believe this country shall move to become one of the strong economies of Africa. How did successful countries finance their programmes? We can never develop this country using borrowed resources. Time has come for us to finance this country using our own resources, which calls for sacrificing a little bit for the nation.

There were about 1,500 Petitions to the Departmental Committee on Finance and National Planning. For the first time, I sat for more than 20 days trying to listen to professionals of high calibre argue from left, right, and centre, on issues raised in the Finance Bill. We, as a Committee, made some proposals. I even wonder that my good friend, Wandayi, did not read that we made a proposal that tax on wigs, eyelashes, and everything like that be deleted. We made a proposal that this must be deleted to protect the hustlers of this country. Many Kenyans who came before us felt that this is a very bad clause.

On rental income, we proposed to reduce tax from 10 per cent to 7.5 per cent, so that investors across the political divide, who want to do projects in housing, get value for their money. How else do we protect the people of Kenya? We reduced the Housing Levy from 3 per cent to 1.5 per cent. We sat as a Committee and addressed issues raised by Kenyans, including the export levy. We made a proposal to zero-rate export of coffee. Coffee was not there, we brought it in. There was zero-rating only on tea, but we brought in coffee because the *Wanjikus* of this country want to benefit by getting maximum returns from coffee, tea, and other products that are grown in Kenya. This is our country.

This Finance Bill attempts to raise up to Ksh300 billion. How do we raise the money? The people of Kenya, regardless of where they live - whether or not they live in Azimio Coalition Party zones - require roads, medicine, and fertiliser. They also require programmes to lift their lives. How else do we finance and grow the economy of this country? The people of Kenya must sacrifice a little bit so that we can finance our programmes and budgets using our resources; not resources borrowed from the white people. Enough is enough. We must grow our economy using our resources and by ourselves. We must contribute. The Azimio Coalition Party people do not live outside Kenya. They live in Kenya together with all of us. We must know that this is our country. We must work together, pull resources together, and provide solutions rather than attacking everything in the Finance Bill. Let us provide solutions for the welfare of the people of Kenya because this is our country.

Hon. Speaker: Adan Keynan.

Hon. Adan Keynan (Eldas, JP): Thank you, Hon. Speaker.

I have had the opportunity to work with the late President Moi, the late President Kibaki, President Uhuru Kenyatta, and now President William Ruto. We must all accept that we have a beautiful country called Kenya. All of us, as individuals and groups, must accept and believe in it.

I know budget-making is emotive, difficult, and painful. I must say, as a Member of the Departmental Committee on Finance and National Planning, ours was an onerous task of going through different presentations by different groups from different sectors of our economy in

pursuit of both their collective and individual rights. Kenya being a democracy, every Kenyan has a right to a divergent view. That is why the framers of our Constitution enshrined the right to public participation in our current Constitution.

Being a leader and a Member of this House is a privilege. Kenyans, in their own wisdom, decided to have a few of us here as their representatives out of the 50 million Kenyans. We should reflect on that. I want to ask us questions without venturing into our political persuasions. Where were we in 1963? Where did our forefathers expect us to be and where are we today? What is each one of us expected to do so that Kenya joins the league of developed nations? This country was recently voted as one of the best in human resource capital. What that means is that out there, in the eyes of the international community, many Kenyans have gone to school. Our task as elected representatives is to give Kenyans opportunities to get jobs and remove them from both under-employment and unemployment. How is that achievable? It is achievable through taxation only.

In a democracy, we have two sides. Today, what I expected - and it would have guided me - was alternative tax proposals from those who are opposed to what the Government is doing. However, their proposals are not here! I expected to see an alternative budget proposal from them. I have not seen it. A Government that was elected by the people of Kenya is simply implementing its manifesto. Therefore, denying it the right to pursue its manifesto is an infringement to both its rights as a Government and the rights of Kenyans as individuals.

I want to say this as a Member of the Departmental Committee on Finance and National Planning, that having gone through this Bill, one realises that taxation is a painful thing. I stand to support the Finance Bill as it is.

(Applause)

Hon. Speaker, you have been around. You are a person of immense institutional memory. Look at the missed opportunities we had. Because of fear of the unknown, this country has stagnated and lost its stature as an economic hub. We sat somewhere... Look at what has happened to the GDP of Ethiopia, Tanzania, and Uganda. Where do we want to place Kenya? We have persuaded ourselves that it is not us who are supposed to do the right thing but somebody else. It is time to say that this country requires development. It is time, as Members of the 13th Parliament, to say that. Members should bring alternative proposals to what the Government is proposing. Let me tell Members this for free. What they are being asked to do is to deny the Government taxes and misinform the Kenyan public so that this regime becomes unpopular and collapses. Do not accept that route.

(Applause)

This Government must function. This Government has been elected democratically by the people of Kenya.

One month ago, salaries delayed and you saw the kind of picketing that took place. I am sure in your office you had *mlolongo wa watu wakiuliza mshahara*. Is it not so? Where will the Government generate that money from? The Government must generate money from taxation through this Bill. We have a country. This country must move on. This is the final take off for the Republic of Kenya. Please, civility is not cowardice.

Hon. Speaker: Hon. Lotee.

(Hon. Adan Keynan spoke off record)

Hon. Speaker: Okay, give him a minute.

Hon. Adan Keynan (Eldas, JP): Hon. Speaker, civility is not cowardice; it is part of our democracy. Let us debate. This is a debating chamber. Let us not shout at each other. As a practitioner, I always say that we debate and then the majority will have their way and the minority will have their say. That is the essence of democracy.

Hon. Speaker, I support the Finance Bill.

(Applause)

Hon. Speaker: Hon. Titus Lotee, Member for Kacheliba.

Hon. Titus Lotee (Kacheliba, KUP): Thank you, Hon. Speaker for allowing me to contribute to the Finance Bill. As a Member of this respected House and a member of the society that has a mental capacity to think, I want to contribute to this Bill as follows. Far from it, there is a lot of information that has gone to the public that this Bill is supposed to be punitive to Kenyans. However, after looking through it, I realised that it is trying to address the inefficiency that has been there in our tax regime. We have been collecting very little amount of revenue vis-à-vis the capacity that we have. This Bill is not as punitive as we are being told. I looked through it and realised that only three main taxes had been introduced and the rest are being made efficient.

The first one is the monetisation of the digital content. This is according to the principal of taxation where it is supposed to be as evolving as possible to respond to the evolving nature of our society. When our tax regime was done, there was very little in digital content. Because Kenyans are embracing the digital content very quickly, our tax regime is also supposed to embrace it. So, introducing 15 per cent tax on the digital content is in regard to the evolution of the same. This is very nice because we have seen our revenue falling because a lot of advertisements and content are done digitally. So, the mother of our taxation is also reducing because we cannot now net in the traditional taxes. So, it is important that we also move along with the digital migration.

The other new tax that I have seen is the club entrance fee. Initially, it was free and was only for the privileged. The club members who are seated here pay hundreds, thousands or millions of shillings to clubs and yet they are supposed to be exempted. There is no common man or person who benefits from this. I laud the fact that we need to introduce a tax for these clubs, so that we can net in those people who are members who use a lot of money and want to be exempted.

The other one is the introduction of 5 per cent withholding tax on advertisements. There are a lot of diseases that come to this country because advertising has become very cheap that people mislead Kenyans. We have seen people being conned and buying powders that are not genuine because there is no tax in advertising. Introducing a 5 per cent withholding tax on this will safeguard Kenyans from the conmen who advertise for free.

Finally, I will go to the Housing Levy. This country hosts three main slums out of 10 in Africa. Until we agree that we want to move out of the slums, we will continue criticising and saying that we are not ready. We should be ready now. We want to move from being a country where people live in slums to a developed country. Everybody in this country, including the people of Kacheliba, contributed to the construction of the Thika Superhighway, the Standard Gauge Railway (SGR) and the Nairobi Expressway, but they do not use them on daily basis. We are all supposed to contribute to the Housing Levy. When Kenyans get houses, whether you get it or not, it is for the common good of this country.

Hon. Speaker, I support this Bill. Thank you.

(Applause)

Hon. Mary Njoroge (Maragwa, UDA): Thank you, Hon. Speaker for giving me a chance to speak to this Bill. I first of all start by congratulating the Departmental Committee on Finance and National Planning for the good work they did. It was tedious given that they even had to do public participation.

Yesterday, we concluded on the Committee of Supply. Today, we are discussing the Finance Bill, which is supposed to look for money to finance and run this budget. I fail to understand how we could pass the budget in the Committee of Supply yesterday yet today, we think we can go against proposals on how to finance it! Our budget of Ksh3.67 trillion must be financed by the people of the Republic of Kenya. Let us not go out there to play populist politics by telling our people that we will vote against the Finance Bill. There is no other way that we can finance our budget other than through taxation. We have to be realistic.

We all understand that the cost of living is not good to all of us. We also understand that there is the debt that was left by the last regime. We also understand there is unemployment. Therefore, as a Government, we must look into how we are going to focus on areas to stimulate economic growth and reduce the cost of living among other development measures that are being awaited by our people. I am surprised to see the Azimio Coalition talking against the Finance Bill, yet every time we see Government officers visiting their areas, they stand up with microphones to make many requests. They request for the installation of electricity in their constituencies, health facilities, and many other things. My question today is: How do we finance all the requests that you present to the Government? You take the microphone to ask so that your people can hear that you are asking for development from the Government. That time you are happy when you hear people clapping. You imagine you have your political mileage. However, when we come here to look for money to finance the developments, you are of contrary opinion. My dear colleagues, let us be sincere. Let us be optimistic that for this Government to deliver, we must go for the taxation.

We are against more loans because we have not been able to pay. You have heard from the Budget and Appropriation Committee that 60 per cent of our finances go towards servicing the loans. It is only 40 per cent that is used for development and recurrent expenditure. We must struggle to make sure that we look for whatever our people are waiting for. This can only come from taxation and we are not taxing only those who are employed. We are taxing those who are in business too. We are taxing those who have. Let us not incite our people who do not have when we are trying to create some employment for them so that they can also put food on the table.

There is no one here who came to this plenary without having taken breakfast. We are also going to take lunch and then enjoy good supper or dinners. The people that we represent do not have anything to put on their tables. They have no clothing and other basic needs to offer to their children. We must realise that reality.

I want to speak a little on the Housing Fund. On the housing fund, we have put a lot of politics when it...

Hon. Speaker: Your time is up. Hon. Memusi Kanchory.

Hon. Memusi Kanchory (Kajiado Central, ODM): Thank you, Hon. Speaker, for giving me this opportunity to also contribute to this Finance Bill. I oppose the Bill. I really pity my colleagues from Kenya Kwanza. They are trying to justify something that they know will not fly in their villages. This is a draconian and backward way of collecting revenue from the people. As representatives of the people, I want to know one Member of Parliament whose people go to him to ask for a house. I do not know where the Executive was informed that the priority of Kenyans is houses.

(Loud consultations)

Hon. Speaker, please protect me.

Hon. Speaker: Order, Hon. Members. I will protect you but also avoid unhelpful provocation.

Hon. Memusi Kanchory (Kajiado Central, ODM): Thank you, Hon. Speaker. The proposal to collect Ksh2,500 each from three million Kenyans will realise Ksh7.5 billion a month. If this money was proposed to be spent in education, which is an area most people have a need in, I would gladly contribute Ksh2,500. If that money was allocated to the 290 constituencies represented by these Members of Parliament, each constituency would get over Ksh25 million a month. If that was the proposal, we would gladly support it. The people need certain basic things, food being one of them.

The money that Kenyans contribute to the NHIF and the NSSF is a lot. Right now, NHIF is broke and it cannot pay for its expenses. As for NSSF, people retire but cannot be paid their pension. You are telling people already seeing misappropriation of money to continue contributing. This is wrong. I see a lot of insensitivity and cluelessness in this government. The unfortunate thing is that when the UDA party was campaigning, they appealed to the desperate people in this country, the so-called hustlers. But they have squandered the first opportunity they had, through this Budget, to show that they really meant what they said. The first thing I would have wanted to see is how loopholes for corruption would be sealed and how wastage would be stopped by this government. If we can no longer afford a Budget of over Ksh3 trillion, what is wrong with us saying this country can only finance a Ksh2.1 trillion Budget and not tax Kenyans to death? I oppose.

Thank you.

Hon. Speaker: Hon. Mishi Mboko.

Hon. Mishi Mboko (Likoni, ODM): Thank you, Hon. Speaker. At the outset, I strongly oppose this Finance Bill. The Bill has a formula of taxation which is going to burden Kenyans and increase the cost of living.

Hon. Speaker, increasing the Fuel Levy to 16 per cent means that the cost of production and transport will go up. It will also affect agriculture because it depends on machinery which depends on diesel and petrol power.

Hon. Speaker: Order, Hon. Mishi Mboko. You have four-and-a-half minutes. You will be the first one to contribute in the afternoon.

ADJOURNMENT

Hon. Speaker: Hon. Members, you may rise. It is now 1.00 p.m. We will take a lunch break and resume at 2.30 p.m.

The House rose at 1.00 p.m.

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