



PRESS RELEASE

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VAT ACT 2013:

THE YOUTH WILL BE THE MOST HIT BY THE VAT ACT 2013

The commencement of implementation of the Value Added Tax, 2013 has seen a number of goods previously zero-rated of VAT attract the 16 per cent tax and this will greatly increase the standards of living. This will affect the youth who not only form the majority of the population but also constitute the majority of unemployed persons in the counties. The continuous implementation of this Act therefore causes major hurdles for youth development in the country since it basically targets goods that the youth need to empower themselves. Due to the high rate of unemployment among the Kenyan youth, young entrepreneurs who have turned to self employment opportunities to finance their households will now be forced to seek out alternatives to supplement their income.

The immediate move of the once zero rated items to the tax bracket will lead to a surge in crime levels and insecurity as most of them will not be able to afford the basic goods. The affected products such as phones and computer hardware and software are items that the youth require for their development as they greatly rely on these goods to access information and conduct online businesses. Investment and innovation in ICT will also slow down gradually.

Animal feed, fertilizer. Processed milk and railway transport have also been affected by this new law thereby undermining farming profits and slow down the uptake of agri-buisness which many youth groups use to supplement income. Exercise books, text books, cooking gas and electricity have also attracted a 16 % tax charge under the new law. This places a huge burden and cost on the youth and equally affects the right to education and adequate food of acceptable quality.

The immediate implementation of the VAT Act 2013 is thus contrary to the spirit of Article 43 of the Constitution that places an obligation on the state to take positive measures to ensure the every person including young people are free from hunger and have adequate food of acceptable quality.

Youth Agenda retains its position that Kenya's problem is not in raising enough revenue to meet people's needs, but in the management of its resources. The rich are becoming richer while the poor continue to suffer and suffer. We are urging parliament to amend this Act to enable the progressive implementation of the same to avoid hurting youth's development. An immediate implementation of this law will cause more harm than good. We urge the government to also seek out alternative modes of raising revenue that will prove beneficial to all concerned parties.

Signed by

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