

BUSINESS SETUP IN KENYA

A comprehensive guide to incorporating and operating your company in East Africa's economic hub.) **A Presentation for Israeli companies who are looking to tap into the Kenyan cosmetics market.**

- ✓ Incorporation Essentials & Entity Types
- ✓ Registration Timeline (7-14 Days)
- ✓ Taxation, Compliance & Work Permits

**KENYA RANKS 1ST
IN MANUFACTURING
WITHIN THE EAST
AFRICAN COMMUNITY**





Firm Overview

Tarra Agility Africa is a boutique international tax, legal, and accounting advisory firm specializing in supporting investments in Africa. The firm assists both indigenous and foreign businesses with funding, operations, and profit extraction through optimal business structures.

Proud Conveners of:

NPW NAIROBI
PRIVATE WEALTH
CONFERENCE
2025

Why Invest in Kenya?

East Africa's financial epicenter offering a sophisticated climate for sustainable growth.

55M+

POPULATION & MARKET SIZE

Strategic Advantages

Key drivers positioning Kenya as a regional leader



Regional Gateway

Strategic access to the East African Community (EAC) and AfCFTA. Direct Indian Ocean trade routes via Mombasa.



Diversified Economy

Resilient growth driven by financial services, manufacturing, tourism, and advanced agribusiness sectors.



Silicon Savannah

Africa's premier fintech hub. Home to M-PESA and a thriving ecosystem of tech startups and innovation labs.



Stable Investment Climate

Mature capital markets (NSE), strong PPP frameworks, and progressive policies favoring Foreign Direct Investment.



Modern Infrastructure

Extensive road networks, SGR railway, reliable fiber optic connectivity, and high mobile penetration rates.



Digital Government

Seamless business registration and compliance via the eCitizen portal, reducing bureaucracy.

Source: Kenya National Bureau of Statistics & KenInvest



Why Kenya?

Where ambition meets opportunity: Six key drivers positioning Kenya as East Africa's premier investment hub.



Strategic Gateway

Direct access to global trade routes via the Indian Ocean. A key entry point to the East African Community (EAC) and AfCFTA markets.



Resilient Economy

Largest economy in East Africa with diversified sectors. Supported by stable macroeconomic fundamentals and pro-investment policies.



"Silicon Savannah"

The continent's fintech powerhouse. A thriving ecosystem for digital innovation, startups, and technology adoption.



Deep Capital Markets

Anchored by the Nairobi Securities Exchange (NSE), offering liquidity and a mature framework for raising capital.



Skilled Workforce

A young, highly educated, and predominantly English-speaking population, ensuring operational efficiency and ease of communication.



Conducive Climate

Zero foreign exchange controls, virtual courts for dispute resolution, and digitized government services (eCitizen).



Legal Frameworks & Key Regulators

Navigating the authorities governing incorporation, taxation, and compliance in Kenya.



INCORPORATION

Business Registration Service (BRS)

Operating under the Attorney General, BRS oversees all company incorporations via the eCitizen portal.

📄 Companies Act, 2015



TAXATION

Kenya Revenue Authority (KRA)

Mandatory registration for tax compliance. Issues PINs and collects Corporate Tax, VAT, and PAYE via iTax.

✔ Tax Compliance Cert.



PUBLIC MARKETS

Capital Markets Authority (CMA)

Regulates Public Limited Companies (PLCs) and entities listed on the Nairobi Securities Exchange (NSE).

➔ Corporate Governance



County Governments

Mandated to issue **Single Business Permits** and health clearances based on the physical location of the business premises.

Annual Renewal



Sector Regulators

CBK (Banking), KEBS (Standards), KenInvest (Investment Certs) for specific industries.

Types of Business Entities

Selecting the appropriate legal structure to define liability, governance, and scalability.



Sole Proprietorship

Simplest form owned by an individual. Minimal formalities but offers no distinction between personal and business assets.

Unlimited Liability

SMEs & Freelancers



Private Limited Co. (LLC)

Most common structure. Separate legal entity shielding shareholders. Requires at least one director and shareholder.

Limited Liability

Max 50 Shareholders



Public Limited Co. (PLC)

Designed for large enterprises raising capital from the public. Subject to strict governance under CMA regulations.

Public Shares

Min 2 Directors



Limited Partnership (LP)

Partnership with at least one general partner (unlimited liability) and one limited partner (capped liability).

Venture Capital

Tiered Liability



Limited Liability Partnership

Blends partnership flexibility with corporate limited liability. Ideal for professional firms like law and accounting.

Professional Services

Min 2 Partners



Foreign Company

International investors can register a **Branch** (parent liable) or a **Subsidiary** (separate local entity).

Branch/Subsidiary

Local Compliance

Choose Your Vehicle: LLC vs LLP



Private Limited Company

THE STANDARD CHOICE

- ✓ **Separate Legal Identity:** Owners are shielded from personal liability beyond capital contributions.
- ✓ **Structure:** Requires min. 1 director & 1 shareholder. Max 50 shareholders.
- ✓ **Ownership:** Can be 100% foreign-owned, ideal for international investors.

BEST SUITED FOR:

Startups SMEs Growth Businesses Fundraising

VS



Limited Liability Partnership

THE FLEXIBLE CHOICE

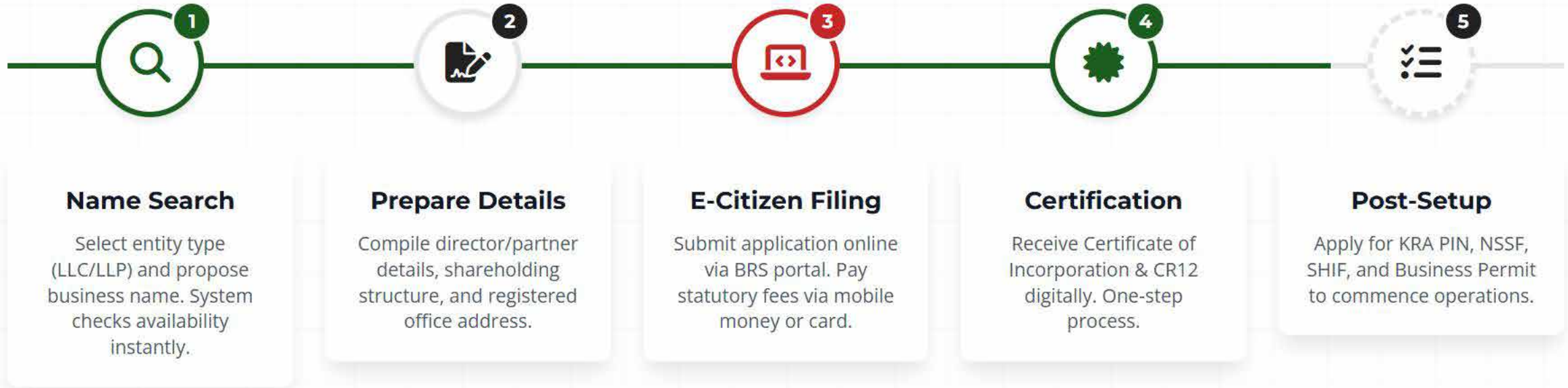
- ✓ **Hybrid Nature:** Blends corporate flexibility with limited liability protection for partners.
- ✓ **Requirements:** Minimum 2 partners, with one designated as the managing partner.
- ✓ **Tax Transparent:** Profits taxed only in the hands of individual partners, not the entity.

BEST SUITED FOR:

Professional Firms Joint Ventures Consultancies
Real Estate

Registration: **Fast, Digital, Streamlined**

TURNAROUND TIME
7 – 14 Days



Post-Setup & Compliance Essentials

Statutory Registrations & Annual Maintenance



KRA PIN Registration

Mandatory for all tax obligations. Registered via iTax portal for Corporate Tax, VAT, and PAYE.



Social Security (NSSF) & Health (SHIF)

Compulsory registration for employers. NSSF for pension and SHIF for universal health coverage.



County Business Permit

Single Business Permit required from the respective county government based on location.



Annual Compliance

File Annual Returns with BRS. Audited accounts required if annual turnover > KES 5M.



Non-compliance can result in penalties or suspension. Professional advice recommended.

KEY FISCAL RATES

30%

CORP. TAX

16%

VAT (>5M KES)

10-30%

PAYE

3-25%

WHT

WORK PERMITS

Class D (Employment)

Skills Gap

- Employer-driven application.
- Must fill skills not available locally.
- Requires proof of benefit to Kenya.

Class G (Investor)

FOR ENTREPRENEURS

Processing
1-3 Months

Investment Requirement

USD 100,000 *Proof via bank statement*

Renewal (2 Yrs)

Requires Audited Accounts + TCC



Work Permits: Employment vs Investment



Class D

Employment Permit

SPECIFIC EMPLOYER

Granted to foreign nationals offered specific employment by a specific employer, aimed at filling expertise gaps.

- ✔ **Skills Gap Requirement**
Must demonstrate skills/qualifications not readily available in the local Kenyan labor market.
- ✔ **Employer Driven**
The Kenyan employer sponsors and drives the application process.
- ✔ **Benefit to Kenya**
Understudy program often required to transfer skills to locals.

🕒 PROCESSING

2 - 4 Months



Class G

Investor Permit

ENTREPRENEUR CHOICE

MINIMUM CAPITAL INVESTMENT

USD 100,000

📄 Proof via local bank statement required

- ✔ **Business Ownership**
For foreigners wishing to engage in business or trade on their own account.
- ✔ **Renewal (2 Years)**
Requires **Audited Accounts & Tax Compliance Cert.**

⚡ PROCESSING TIME

1 - 3 Months



Post-Incorporation: **Get Operational**

Essential compliance steps to transition from a registered entity to a fully functional business.



KRA PIN & Tax Setup

Mandatory registration on iTax. Enroll for VAT (if turnover > KES 5M) and PAYE for employees. Obtain Tax Compliance Certificate.

IMMEDIATE PRIORITY



Social Security (NSSF/NHIF)

Register as an employer with NSSF (Pension) and NHIF (Health Insurance). NITA levy applies for industrial training funding.

EMPLOYEE WELFARE



County Business Permit

Apply for a Single Business Permit from the relevant County Government. Fees vary by location, size, and business activity.

LOCATION BASED



Corporate Bank Account

Open a local corporate account. Requires Certificate of Incorporation, KRA PIN, M&A, and Directors' ID/Passport copies.

FINANCIAL OPS



Annual Returns & Audits

File Annual Returns with BRS to confirm status. Companies with >KES 5M turnover must submit audited financial statements.

YEARLY COMPLIANCE



IP Protection

Safeguard brand assets by registering trademarks, patents, or industrial designs with the Kenya Industrial Property Institute (KIPI).

BRAND SAFETY

Taxation & Compliance Essentials

Navigating Kenya's fiscal landscape: Rates, thresholds, and statutory obligations.

● Direct Tax ● Indirect Tax ● Statutory

Corporate Tax

30% RESIDENT

37.5% for Non-Resident Branches

Levied on net income. Paid in installments (25% each) by the 20th of the 4th, 6th, 9th, and 12th months.

 Quarterly

iTax Filing

Value Added Tax

16% STANDARD RATE

8% for Petroleum | 0% for Exports

Mandatory registration if annual turnover exceeds **KES 5 Million**. Applies to supply of taxable goods/services.

 Monthly (20th)

Strict Compliance

PAYE

10–30% GRADUATED

Based on salary bands

Employer deducts income tax from employee salaries and remits to KRA. Housing Levy (1.5%) also applies.

 Monthly (9th)

Employer Liability

Withholding Tax

3–25% VARIABLE

Depends on payment type & residency

Deducted at source for professional services, dividends, royalties, and interest. Rates differ for residents vs. non-residents.

Statutory Bodies

NSSF / NHIF

Pension & Health Insurance

Mandatory employee benefits.
NSSF: Tiered pension contributions.
NHIF: 2.75% of gross salary (SHIF).

Annual Returns

Regulatory

BRS & Audited Accounts

File Annual Returns with BRS to confirm company details. Submit audited financial statements if turnover > KES 5M.

Conclusion & Key Takeaways

Strategic insights for establishing a sustainable and compliant business presence in Kenya.

STRATEGIC PILLARS



Digital-First Entry

Leverage the eCitizen ecosystem for a seamless, paperless incorporation process. Expect operational readiness within ~1 week.



Regulatory Discipline

Prioritize iTax compliance, annual returns, and statutory filings (NSSF/NHIF) to avoid penalties and maintain good standing.



Gateway to East Africa

Utilize Kenya as a launchpad. Benefit from advanced infrastructure, deep financial markets, and access to the wider EAC & AfCFTA markets.

Next Steps



Actionable roadmap for entrepreneurs

1

Select Entity Structure

Evaluate liability needs (LLC vs. Branch) and capital requirements.

2

Prepare Documentation

Gather Director IDs, photos, and KRA PINs. Draft M&A.

3

Register on eCitizen

Conduct name search, submit CR1 forms, and pay fees online.

4

Post-Incorporation Setup

Obtain KRA PIN, Bank Account, and Business Permits.



Need professional assistance?
Contact local legal counsel or BRS support

PARTNER WITH US

Ready to Launch Your Business in Kenya?

Get your Kenya entry right with end-to-end support, from incorporation to full operational compliance.

Entity Setup

LLC & LLP incorporation via E-Citizen.

Tax & Compliance

KRA PIN, NSSF, SHIF & Annual Returns.

Work Permits

Class D (Employment) & Class G (Investor).

Licensing

Business permits & sector-specific licenses.

BOOK A CONSULTATION →

 Start operations within 7-14 days



Tarra Agility

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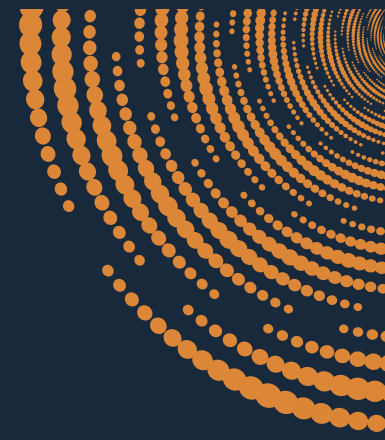
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