

As you may be aware, the Insurance (Amendment) Act 2006 came into operation on 1st May, 2007. Parts XXA and XXB regarding imposition of insurance premium tax, reinsurance tax and training levy have been deleted and replaced with new parts XXA and XXB. As required by the said parts of the Act, the Minister for Finance has issued a Gazette Notice N: 135 dated 22nd June, 2007 to detail the operations thereof. I therefore find it necessary to clarify by way of this circular the amended provisions and attaching regulations as follows:-

- Insurance premium tax is now converted to Insurance premium levy and shall be paid by every insurance company registered or authorized under the Act to carry on insurance business in Kenya at a rate of one and a half percent (1.5%) of gross direct premium written by the insurer.
- Reinsurance premium tax is converted to reinsurance premium levy and shall be paid by every insurer registered or authorized under the Act to carry on insurance business in Kenya at a rate of five percent (5%) of reinsurance premiums paid or credited to a re-insurer outside Kenya in line with Section 197A (2)(d).
- Insurance training levy remains the same and shall continue to be paid to the 'Insurance Training and Education Trust' at a rate of zero point two percent (0.2%) of gross direct premium written by an insurer in respect of general insurance business. The levy shall continue to be channeled through our office.
- Both the insurance premium levy and reinsurance premium levy shall be paid into the Insurance Regulatory Authority Fund by crossed banker's draft drawn in favour of the '**Insurance Regulatory Authority**' as set out under Section 4(2) of the Insurance Amendment Act 2006.
- The insurance premium levy and the insurance training levy shall become payable at the end of each calendar month in which the premiums were received by the insurer and shall be payable not later than the last day of the first month succeeding that in which the levies became due.
- The reinsurance premium levy shall become payable at the end of each calendar quarter in which the premiums were paid by the insurer and shall be payable not later than the last day of the first month succeeding that in which the levies became due.
- Late submission of the insurance premium levy, reinsurance premium levy or the insurance training levy shall attract a penalty of 5% of the unpaid levy.

- Every insurer shall at the end each calendar month prepare a monthly insurance premium levy and insurance training levy returns showing the total premiums due from the insurer for that particular month as set out in the twenty fourth and twenty third schedules respectively.
- Every insurer shall at the end of each calendar quarter prepare a quarterly reinsurance levy return, showing the total insurance premiums due from the insurer for that particular quarter as set out in the twenty seventh schedule.
- Every insurer shall at the end of each calendar year and not later than the third month following the end of that year, prepare an annual insurance premium levy, reinsurance premium levy and training levy returns as set out in the twenty fifth, twenty eighth and twenty ninth schedules respectively.

Please note that these provisions became effective on 1st May, 2007 and your attention is drawn for immediate compliance.