



COUNTRY GUIDE: KENYA

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<https://zapeo.net/kenya/>

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ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

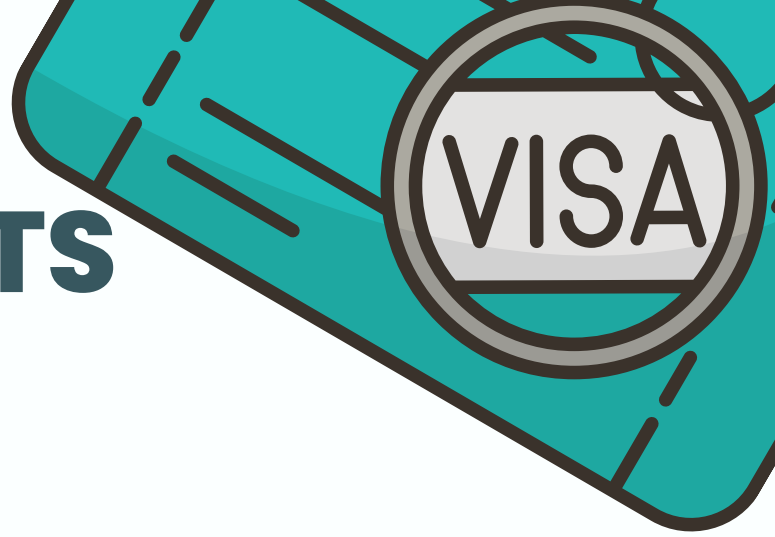
We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



WORK PERMITS AND VISAS



Kenya has several classes of work permits:

- **Class A:** Those who intend to perform mining or mineral sourcing and trade in Kenya are awarded Class A work permits. To obtain this permit, one must disclose all of the funds and resources required in the business.
- **Class B:** Those who want to invest in agriculture and animal husbandry are given a Class B work permit. A evidence of land ownership or lease, capital to invest, a copy of the PIN, and a non-refundable should all be presented.
- **Class D:** Class D visas are provided to those who desire to work for a certain employer who has been approved by the government to hire international workers. This permit must be renewed yearly.
- **Class G:** People who seek to start a specific trade, business, or consulting are given a Class G license. You must show that you have the funds, that you have already invested in a specific firm, that you have paid the processing charge and that you are prepared to renew it yearly.
- **Class I:** A member of a missionary society is given Class I status, and he or she must demonstrate to the government that his or her presence benefits Kenyans. A copy of the organization's registration should be provided, as well as a processing cost. You'll have to renew it every year. It's also a good idea to have access to academic and professional papers.
- **Special Pass:** This is a document issued to individuals who wish to enter Kenya or remain in Kenya for a limited period of time in order to apply for a review of a decision denying a permit, apply for a permit or pass, or temporarily conduct any business, trade, or profession (i.e. specific employment by a specific employer) for a period of time not exceeding three (3) months.

EMPLOYMENT CONTRACTS



Probation period

The probationary term cannot be longer than one year in total.

Notice period

The Employment Act specifies that:

- If the employee is working under a daily pay contract, the contract can be terminated at any time without prior warning by either side.
- If the employee is hired on a weekly or biweekly basis, the notice period will be one or two weeks, or an equivalent in place of notice will be paid.
- If the contract specifies that wages or salary will be paid on a monthly basis, the notice period must be 28 days in writing or the equivalent of one month's salary must be paid in lieu of notice.
- Either party may terminate a probationary contract by giving at least seven days notice or paying the equivalent of seven days pay in lieu of notice.

Minimum wage

The government sets Kenya's minimum wage rate based on location, age, and skill level.

Working hours and overtime

Working hours for daytime employees are 52 hours per week and 60 hours a week for those working at night. All overtime is optional, and it can only be worked if both the company and the employee agree. Employers must pay employees 150 % of their usual day's salary when they work extra.

Termination

Contracts can be terminated in following instances: end of contract, resignation, poor performance misconduct, physical Incapacity, participation in an illegal strike and retrenchment.

Severance

Severance pay in Kenya, is equivalent to 15 days basic wages for each completed year of employment. If, on the other hand, the contract of employment provided a higher severance pay than the one under the Act., the employer must pay the higher amount. If the contract provided a lower pay, then the employer pays the one stipulated under the Act.

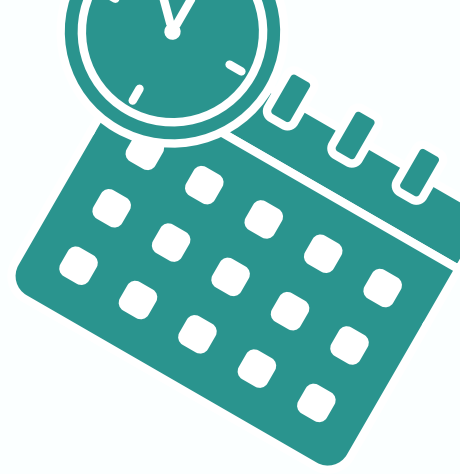
Non-compete clause

Contracts in restraint of trade are allowed if they are reasonable.

Collective bargaining

Is recognized in Kenya with certain provisions in The Labor Relations Act, No. 14 of 2007.

PAID TIME OFF



Annual Vacation

Kenyan employees are allowed to take a minimum of 21 days off every year. However, the leave may only be taken if the individual has worked for the same employer for the previous 12 months.

Sick

When an employee has worked for the same firm for a year, they are entitled to 14 days of sick leave. The first seven days of sick leave are paid at 100% of the usual pay rate, with the remaining days paid at 50% of the regular pay rate. Workers must present a medical certificate before they may use their sick leave.

Maternity

In Kenya, women can take up to 91 days off for maternity leave, which is reimbursed in full by their employers. The sole requirement of the legislation is that the lady give her employer seven days' notice before taking time from work so that appropriate modifications may be made. Moreover, the woman has to produce a medical certificate.

Paternity

The law allows a male employee two weeks paternity leave with full pay.

Family

Leave of compassion -permits an employee to attend to personal catastrophes that are frequently unplanned and can occur at any moment, such as the death, illness, or accidents of family or friends. As a result, it's usually up to the company's policy to decide how to address compassionate leave.

National Holidays

13 paid National Holidays.

Other Paid Time Off

Election days are declared national holidays

EMPLOYEE BENEFITS



Statutory

Unemployment

N/A

Workers compensation

WIBA Insurance coverage protects you as an employer from legal liability. Benefits are determined depending on your employees' salaries as well as the kind of work-related illnesses and disorders.

Social Security

National social security fund (NSSF) : both employer and employee contributes 6% of maximum salary capped at KES 18,000.

National Industrial Training Levy : 50 KES per month.

Housing Levy - 1.5% of gross salary, both employee and employer.

Retirement

There are private retirement benefits schemes governed by the Retirement Benefits Act of 1997.

Health

Membership in the NHIF is accessible to all Kenyans over the age of 18 and with a monthly salary of more than KES 1000.

Private

Workers compensation

Private workers compensation is not available.

Retirement

Private retirement schemes is available.

Health

Private health insurance is available.

Life

Private life Insurance available.

TAX



Personal Income Tax (PIT)

- **Tax year** : Tax year runs from January 1st to December 31st.
- **Tax rate** : The lowest tax percentage for the first income tax bracket is 10% whilst the highest is 35%.
- **Tax method** : A monthly employee's tax is calculated by working out their annual tax year to date and applying tables. A credit is applied in the event the employee has paid too much tax.
- **Tax residency requirements** : In Kenya, a person is regarded to be a tax resident if they:

-have a permanent home in Kenya and were present in Kenya for any period in a particular year of income under consideration, or do not have a permanent home in Kenya but were:

- present in Kenya for 183 days or more in that year of income, or;
- present in Kenya in that year of income and the two preceding years of income for periods averaging more than 122 days in each year of income.

- **Double taxation agreements (DTA's)** : Kenya is signatory to multiple double taxation agreements.

Investment Income Tax

Withholding Tax - This is a tax that is deductible from certain classes of income at the point of making a payment, to non-employees.

WHT is deducted at source from the following sources of income:

- Interest
- Dividends
- Royalties
- Management or professional fees (including consultancy, agency or contractual fees)
- Commissions
- Pensions
- Rent received by non-residents
- Other payments specified
-

Taxable Income

Income tax is a tax charged for each year of income, upon all the income of a person whether resident or non-resident, which is accrued in or was derived from Kenya.

PAYROLL



Payroll Elements

- **Income:** Income tax is a tax charged for each year of income, upon all the income of a person whether resident or non-resident, which is accrued in or was derived from Kenya.
- **Deductions:** Premiums paid for education policy, health policy or life insurance can be deducted from tax payable, provided that the employee has proof of the payment to the policy, and that the premiums paid for the policy have a maturity period of at least 10 years. Deductions in respect of contributions made to registered funds are also allowed.
- **Benefits in Kind:** Can include housing, transport/car, food, furniture, loans etc.
- **Employer contributions:** Workers compensation and social security.

Payroll Taxes

National Social Security Fund - both employer and employee contributes 6% of maximum salary capped at KES 18,000.

National Industrial Training Levy - 50 KES per month.

Payroll Calendar

There are no predetermined dates on which employees must be paid.

Weekly, Bi-weekly, fortnightly and monthly payrolls are acceptable.

LEGISLATION AND STATUTORY BODIES



LEGISLATION

- The Employment Act, 2007
- The Labour Relations Act, 2007
- The Occupational Safety and Health Act, 2007
- The Work Injury Benefits Act, 2007
- The Labor Institutions Act, 2007

STATUTORY BODIES

- The Salaries and Remuneration Commission
- NSSF - Social Security Fund Authority
- Kenya Tax Authority



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information or a **FREE**
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