

The background of the cover is a nighttime photograph of a cityscape, likely Nairobi, Kenya. The most prominent feature is the Kenyatta International Convention Centre (KICC), a tall, cylindrical building with a distinctive top section, illuminated from within and glowing against the dark sky. Other buildings and palm trees are visible in the foreground and midground, with streetlights casting a warm glow. The sky is a deep blue with some light clouds.

COUNTRY GUIDE KENYA

global@zapeo.net

TABLE OF CONTENTS

● About us	Page 1
● Work Permits/VISA	Page 2
● Employment contracts	Page 3
● Paid time off	Page 4
● Employee benefits	Page 5
● Tax	Page 6
● Payroll	Page 7
● Legislation and statutory bodies	Page 8

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

**DEPLOY
WITH ZAPEO
IN
3 EASY STEPS**

ENGAGE

You and your employee reach an agreement to work in a country.

EMPLOY

Your employee signs a co-employment agreement with ZAPEO.

ENROLL

Your employee is enrolled on the payroll with a country specific legal entity.



WORK PERMITS AND VISAS

Kenya has several classes of work permits:

- **Class A:** Those who intend to perform mining or mineral sourcing and trade.
- **Class B:** Those who want to invest in agriculture and animal husbandry.
- **Class D:** Provided to those who desire to work for a certain employer who has been approved by the government to hire international workers. Suitable for skilled professionals or technical workers. Issued for one or two years and can be renewed.
- **Class G:** People who seek to start a specific trade, business, or consulting are given a Class G license.
- **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.
- **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

A probationary period should normally last no longer than six months; however, it can be extended for another six months with the approval of the employee.

Notice period

- If the employee is working under a daily pay contract, the contract can be terminated at any time without prior notice 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 amount 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 monthly minimum wage varies depending on the industry as well as the geographical location.

Working hours and overtime

45 hours per week. Employers must pay employees 150% of their usual day's salary when they work extra.

Termination

Employers must justify termination; otherwise, it is illegal. Valid reasons can include : poor performance, misconduct, physical incapacity, participation in illegal strikes or retrenchment.

Severance

Severance pay is 15 days of basic wages for each year of employment. If a contract specifies higher severance pay than the Act, the higher amount must be paid.

PAID TIME OFF



Annual Vacation

Kenyan employees are allowed to take a minimum of 21 paid 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

Employees 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. To be eligible for these benefits, the employee must have worked at their current location for at least two months. Furthermore, 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 employee 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 to take two weeks of paternity leave with full pay.

Family

Compassionate leave: Usually up to the company's policy to decide how to address compassionate leave.

Adoptive Leave: Parents who are preparing to adopt are eligible for one month of pre-adoptive leave with full pay.

National Holidays

13 Paid National Holidays.

Other Paid Time Off

Election days are declared national holidays.



EMPLOYEE BENEFITS

Statutory

	Employee	Employer	Notes
Unemployment	-	-	Kenya is yet to enact a Unemployment fund.
Workers Compensation	-	-	The Workers Injury Benefits Act (WIBA) in Kenya requires businesses to have insurance covering workplace accident compensation for employees.
Social Security	6%	6%	Contributions are categorized into two tiers: Tier 1 - capped at KES 7,000. Tier 2 - capped at KES 36,000.
Retirement/Pension	-	-	Covered through Social Security Contributions.
Health	Up to KES 1,700.	-	Employers must deduct and remit National Hospital Insurance Fund (NHIF) contributions monthly.

Private

	Notes
Workers compensation	Private workers compensation is available.
Retirement/Pension	There are a few private pension schemes available.
Health	Private health insurance is available.
Life	Life insurance policies are also available.



TAX

Personal Income Tax (PIT)

- **Tax year** : Tax year runs from 1 July - 30 June.
- **Tax rate** : Rates range between 10 - 35%.
- **Tax method** : The taxation approach is a progressive income tax.
- **Tax residency requirements** : In Kenya, a person is considered a tax resident if they have a permanent home in Kenya and were present in the country at any time during the tax year, or if they were present in Kenya for 183 days or more in that tax year, or if their average presence in Kenya over the current and two preceding tax years exceeds 122 days per year.
- **Double taxation agreements (DTA's)** : Kenya has multiple double taxation agreements.

Investment Income Tax

Withholding Tax (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

Examples of taxable income sources include remuneration (salaries, wages, bonuses, etc.), business profits, trust beneficiary income, director's fees, investment returns (interest, dividends), rental income, royalties, annuities, pension income, and certain capital gains.

PAYROLL



Payroll Elements

- **Income:** Wages, salaries, fees, bonuses, and any other supplementary compensation, such as benefits in kind.
- **Deductions:** Premiums paid for education, health, or life insurance policies can be tax-deductible if the employee provides proof of payment and the policy has a maturity period of at least 10 years. The deduction is 15% of the premiums paid, capped at KES 5,000 per month or KES 60,000 annually. Contributions to registered pension funds are also deductible, limited to KES 20,000 per month or KES 240,000 per year.
- **Benefits in Kind:** Non-cash benefits from employment are taxable in Kenya and include employer-provided items like motor vehicles (car benefit), housing, loans at below-market interest rates, and household utilities (telephone, electricity, water, security services) above KES 3,000 per month limit.
- **Employer contributions:** Social security, WIBA, NITA and AHL.

Payroll Taxes

Other than the WIBA, NSSF and NHIF the following taxes apply:

- Affordable Housing Levy (AHL)

As of July 2023, the Affordable Housing Levy requires employers to deduct 1.5% of an employee's gross monthly salary and match this amount. This includes basic salary and regular cash allowances but excludes non-cash benefits and irregular payments.

- NITA Contributions

All employers must pay a monthly levy of KES 50 per employee to the Directorate of Industrial Training, except for those already paying the tourism levy.

Payroll Calendar

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



LEGISLATION AND STATUTORY BODIES

LEGISLATION

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

STATUTORY BODIES

- NSSF
- Ministry of Labor and Social Protection
- Ministry of Health
- National Hospital Insurance Fund

Contact ZAPEO today for
further information or a
FREE simulation.



LinkedIn



Simulation request



global@zapeo.net

