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President Kenyatta announces stimulus package to save economy amid pandemic

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Summary

- President Uhuru Kenyatta has announced various mitigation measures aimed at lessening the impact of the coronavirus pandemic on businesses and individuals.
- Kenya has confirmed three more cases on Wednesday, taking the total to 28. The country also reported its first case in which a patient has fully recovered.

President Uhuru Kenyatta has announced various mitigation measures that his government will introduce aimed at lessening the impact of the coronavirus pandemic on businesses and individuals.

The Covid-19 disease, which originated in China, has spread in over 184 countries and territories around the world and infected more than 400,000 people.

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Here are some of the highlights from the President's speech on Wednesday at State House, Nairobi:

- **100 percent tax relief for persons earning gross monthly income of up to Sh24,000.**
- **Reduction of income tax rate (Pay-As-You-Earn) and resident income tax (corporation tax) from 30 percent to 25 percent.**

- **Reduction of the turnover tax rate from the current three percent to one percent for all micro, small and medium enterprises (MSMEs).**
- **Appropriation of an additional Sh10 billion to the elderly, orphans and other vulnerable members of the society through cash-transfers by the Ministry of Labour and Social Protection, to cushion them from the adverse economic effects of the Covid-19 pandemic.**
- **Temporary suspension of the listing with credit reference bureaus (CRBs) of any person, MSMEs and corporate entities whose loan account fall overdue or is in arrears, effective 1st April, 2020.**
- **Reduction of the value added tax (VAT) from 16 percent to 14 percent effective 1st April, 2020.**
- **Ministries and Departments to pay at least Sh13 billion of the verified pending bills, within three weeks from the date hereof. Similarly, and to improve liquidity in the economy and ensure businesses remain afloat by enhancing their cash flows, the private sector is also encouraged to clear all outstanding payments among themselves; within three weeks from the date hereof.**
- **Kenya Revenue Authority to expedite the payment of all verified VAT refund claims amounting to Sh10 billion within three weeks; or in the alternative, allow for offsetting of Withholding VAT, in order to improve cash flows for businesses.**
- **Sh1 billion from the Universal Health Coverage kitty, be immediately appropriated strictly towards the recruitment of additional health workers to support in the management of the spread of Covid-19. Ministry of Health, the County Governments and the Public Service Commission ordered to expedite the recruitment process.**
- **The President and his deputy William Ruto to take an 80 percent salary cut, Cabinet Secretaries and Chief Administrative Secretaries (CSAs) 30 percent, and Principal Secretaries 20 percent.**
- **All State and public officers with pre-existing medical conditions and/or aged 58 years and above, serving in Job Group S and below or their equivalents, take leave or forthwith work from home, excluding personnel in the security sector and other essential services as outlined in the circular issued to the Public Service on 16th March, 2020.**

Central Bank measures

- **Central Bank Rate (CBR) lowered to 7.25 percent from 8.25 percent to signal commercial banks to lower the interest rates to borrowers, availing the much needed and affordable credit to MSMEs across the country.**
- **Cash Reserve Ratio (CRR) lowered to 4.25 percent from 5.25 percent to provide additional liquidity of Sh35 billion to commercial banks to directly support**

borrowers that are distressed as a result of the economic effects of the Covid-19 pandemic.

- **The Central Bank to provide flexibility to banks with regard to requirements for loan classification and provisioning for loans that were performing as at March 2, 2020 and whose repayment period was extended or were restructured due to the pandemic.**

Curfew

- **Countrywide curfew effective Friday, 27th March, 2020 from 7pm to 5am. All movement by persons not authorised to do so or not being medical professionals, health workers, critical and essential services providers prohibited between those hours.**
- **With immediate effect, the management of the Kenya Ferry Services is vested in the National Police Service, the Coast Guard and the National Government Administration Officers (NGAO).**

The President also urged Kenyans to limit the spread of the virus through basic changes in individual behaviour and hygiene.

- wash hands frequently with hand sanitisers or soap and water for at least 20 seconds;
- cover our nose and mouth when coughing and sneezing with tissue or flexed elbow;
- avoid close contact with anyone with cold or flu-like symptoms.

"These measures will slow the spread and ease the effects of COVID-19 on our nation, and allow our health care system and our first responders to most effectively deal with the pandemic," he added.