

THE BUSINESS LAWS (AMENDMENT) BILL, 2026

A Bill for—

AN ACT of Parliament to make amendments to various statutes to facilitate ease of doing business in Kenya; and for connected purposes

ENACTED by the Parliament of Kenya as follows—

Short title.

1. This Act may be cited as the Business Laws (Amendment) Act, 2026.

Amendment of section 2 of Cap. 485.

2. Section 2 of the Investment Promotion Act is amended—

(a) by deleting the definition of “Authority” and substituting therefor the following new definition—

“Authority” means the Invest Kenya Authority established under section 14;

(b) by inserting the following new definitions in proper alphabetical sequence—

“Board” means the Board of the Authority appointed under section 16;

“Council” means the National Investment Council established under section 26;

“Investment Committee” means the Committee established under section 25A;

“Strategic investment project” means an investment project that meets the threshold set out in the Regulations.

Insertion of new section 13A to Cap. 485.

3. The Investment Promotion Act is amended by inserting the following new section immediately after section 13—

Investment
Centre.

13A. (1) There is established the Investment Centre.

(2) The purpose of the Centre shall be to provide information to foreign and local investors on the government services and regulatory requirements for an investment.

(3) The management of the Centre shall vest in the Authority.

(4) The Centre shall provide information on the access to the following services—

- (a) the registration of business entities;
- (b) the administration of taxes and customs;
- (c) the acquisition of work permits and visas;
- (d) the requirements relating to human resource management and labor relations;
- (e) the requirements relating to environmental conservation and management;
- (f) the acquisition of land;
- (g) the requirements relating to development control and enforcement;
- (h) the acquisition of trade licenses;
- (i) the access to electricity;
- (j) the requirements relating to construction industry;
- (k) the requirements relating to exports;

(l) the requirements relating to export processing zones and special economic zones;

(m) any other services that the Authority considers necessary for investments.

(5) The Authority may charge such fees as may be prescribed in Regulations for the services offered at the Centre.

Amendment of section 14 of Cap. 485.

4. The Investment promotion Act is amended by repealing section 14 and replacing it with the following new section—

Establishment of the Authority.

14. (1) There is established the Invest Kenya Authority.

(2) The Service shall be a corporate body with perpetual succession and a common seal, and shall in its corporate name be capable of—

- (a) suing and being sued;
- (b) acquiring and disposing movable and immovable property;
- (c) doing such other acts for the proper discharge of the functions of the Authority, as may lawfully be done by a corporate body.

(3) The head office of the Authority shall be situated in the capital city of Kenya.

(4) The Authority may establish such offices as it considers necessary in other parts of Kenya.

(5) The Authority shall be the successor of the Kenya Investment Authority.

Amendment of section 15 of Cap. 485.

5. Section 15 of the Investment Promotion Act is amended in subsection (2) by inserting the following new paragraphs immediately after paragraph (c)—

(ca) collect, collate and disseminate data and information on investment opportunities by—

- (i) identifying and vetting priority investment projects which are consistent with national development plans;

- (ii) providing access to information on approved investment projects to foreign and local investors;
 - (iii) facilitating the generation and conversion of investment leads and conversion into viable investment opportunities;
 - (iv) facilitating linkage of foreign and local investors to approved strategic investment projects;
 - (v) conduct due diligence on strategic investment projects; and
 - (vi) liaising with the national government, county governments, the private sector, development partners to enhance the investment promotion and facilitation framework;
- (cb) identify and submit strategic investment projects to the Investment Committee for consideration;

Repeal and replacement of section 16 of Cap. 485.

6. The Investment promotion Act is amended by repealing section 16 and replacing it with the following new section—

Board of the Authority.

16. (1) The management of the Authority shall vest in the Board of the Authority which shall comprise of—

- (a) a chairperson appointed by the President;
- (b) the Principal Secretary responsible for matters relating to investment or a designated representative;
- (c) the Principal Secretary responsible for matters relating to finance or a designated representative;
- (d) the Attorney-General or a designated representative;
- (e) a County Chief Officer responsible for matters relating to investment, nominated by the Chairperson of the Council of County Governors, appointed by the Cabinet Secretary;

(f) three persons, not being public officers, appointed by the Cabinet Secretary; and

(g) the chief executive officer of the Authority, who shall have no right to vote at a meeting of the Board.

(2) A person is qualified to be appointed as the chairperson and members of the Board under subsection (1)(f) if that person—

(a) holds a Bachelors' degree in law, economics, commerce, industry, public policy or management from a university recognized in Kenya;

(b) has relevant business management or professional experience;

(c) has served in a position of senior management for a period of at least six years;

(d) has not served as an employee of the Authority in the preceding five years; and

(e) meets the requirements of Chapter Six of the Constitution.

(6) The appointment of the chairperson and members of the Board under subsection (1)(f) shall be by notice in the *Gazette*.

Repeal and replacement of section 17 of Cap. 485.

7. The Investment promotion Act is amended by repealing section 17 and replacing it with the following new section—

Term of office of members of the Board.

17. The chairperson and members of the Board appointed under section 16(1)(f) shall serve for a term of three years and shall, based on satisfactory performance, be eligible for re-appointment for one final term of three years.

Insertion of new section 17A to Cap. 485.

8. The Investment Promotion Act is amended by inserting the following new section immediately after section 17—

Remuneration of
the Board.

17A. The members of the Board shall be paid such remuneration and allowances as the Cabinet Secretary, in consultation with the Salaries and Remuneration Commission, may determine.

Repeal and
replacement of
section 22 of Cap.
485.

9. The Investment promotion Act is amended by repealing section 22 and replacing it with the following new section—

Corporation
secretary to the
Authority.

22. There shall be a corporation secretary to the Board who shall be appointed by the Board through a competitive and transparent process, on such terms as the Board may, in consultation with the Salaries and Remuneration Commission, determine.

Amendment of
section 23 of Cap.
485.

10. Section 23 of the Investment Promotion Act is amended—

- (a) in the marginal note, by deleting the words “managing director” and substituting therefor the words “chief executive officer”;
- (b) in subsection (1), by deleting the words “managing director who shall be the”;
- (c) in subsection (2), by deleting the words “managing director” and substituting therefor the words “chief executive officer”;
- (d) in subsection (3), by deleting the words “managing director” and substituting therefor the words “chief executive officer”.

Amendment of
section 24 of Cap.
485.

11. Section 24 of the Investment Promotion Act is amended—

- (a) in subsection (1), by deleting the words “in addition to the managing director”;
- (b) in subsection (2), by deleting the words “other than the managing director”.

Insertion of new
Part IVA to Cap.
485.

12. The Investment Promotion Act is amended by inserting the following new Part immediately after section 25—

PART IVA—INVESTMENT COMMITTEE

The Investment
Committee.

25A. (1) There is established the Investment Committee which shall comprise of—

- (a) the Principal Secretary responsible for matters relating to investment, who shall be the chairperson;
- (b) the Principal Secretary responsible for National Treasury;
- (c) the Principal Secretary responsible for matters relating to energy;
- (d) the Principal Secretary responsible for matters relating to lands;
- (e) the Principal Secretary responsible for matters relating to infrastructure
- (f) the Solicitor-General;
- (g) two County Chief Officers responsible for matters relating to investment, nominated by the Chairperson of the Council of County Governors, appointed by the Cabinet Secretary;
- (h) the chief executive officer of the Authority, who shall be the secretary.

(2) The Investment Committee may establish such subcommittees as it may consider necessary for the proper performance of its functions.

(3) The Investment Committee may invite any person whose knowledge or experience is necessary for the investment project being considered to participate in the deliberation of the Investment Committee but such person who shall not vote on the deliberation.

(4) The Authority shall offer secretariat services to the Committee.

Functions of the
Investment
Committee.

25B. The function of the Investment Committee shall be—

- (a) to consider the strategic investment projects submitted by the Authority for approval;

- (b) recommend incentives for approved strategic investment projects; and
- (c) identify strategic investment matters that require intervention by the Council.

(2) In this section, “strategic investment matters” means—

- (a) major investment proposals of national or strategic importance requiring high-level policy direction or coordination;
- (b) proposals on legislative, regulatory or administrative reforms necessary to improve the investment and business climate;
- (c) policy matters relating to the development, review or administration of national investment incentives and facilitation frameworks;
- (d) investment projects or programmed requiring inter-ministerial, inter-county, or public–private collaboration for implementation; and
- (e) emerging trends and challenges affecting the attraction, facilitation or retention of domestic and foreign direct investment.

Amendment of
section 26 of Cap.
485.

13. Section 26 of the Investment promotion Act is amended—

- (a) by renumbering the existing provision as subsection (1);
- (b) in paragraph (a), by deleting the words “or a Cabinet Secretary designated by the President”;
- (c) in paragraph (b)—
 - (i) by deleting subparagraph (ii) and substituting therefore the following new subparagraph—
 - (ii) investment;
 - (ii) by deleting subparagraph (iii);

- (iii) by deleting subparagraph (iv);
- (iv) by deleting subparagraph (v);
- (v) by deleting subparagraph (vi);
- (vi) by deleting subparagraph (vii);
- (vii) by deleting subparagraph (viii);
- (d) by deleting paragraph (c);
- (e) in paragraph (d), by deleting the words “chairperson of the board” and substituting therefor the words “chief executive officer”;
- (f) by deleting paragraph (e), and substituting therefor the following new paragraph—
 - (e) seven persons appointed by the President to represent the private sector, each of whom has distinguished himself or herself in the field of investment, manufacturing, technology, industrial development, law, economics, commerce, finance or management.
- (g) by inserting the following new subsections immediately after subsection (1)—
 - (2) The appointment of the members of the Council under subsection (1)(e) shall be by notice in the *Gazette*.
 - (3) The members of the Council appointed under subsection (1)(e) shall serve for a single term of three years.
 - (4) The office of a member of the Council appointed under subsection (1)(e) shall become vacant if the holder of the office—
 - (a) resigns from office by notice in writing to the President; or
 - (b) has been removed from office by the President on the grounds that the member—
 - (i) has been absent from three consecutive meetings of the Council without permission of the President;
 - (ii) is convicted of a criminal offence and sentenced to imprisonment for a term exceeding six months;
 - (iii) is found to have breached Chapter Six of the Constitution;

(iv) is adjudged bankrupt or enters into a composition scheme or arrangement with the person's creditors; or

(v) is incapacitated from discharging their duties by physical or mental illness.

(5) The Authority shall offer secretariat services to the Council.

Amendment of section 27 of Cap. 485.

14. Section 27 of the Investment promotion Act is amended—

(a) in subsection (1)—

(i) by deleting paragraph (a), and substituting therefor the following new paragraph—

(a) to determine strategic priorities for promoting and increasing investment, and for enhancing the investment climate;

(ii) by deleting paragraph (b), and substituting therefor the following new paragraph—

(b) to issue policy directions on investment promotion and the improvement of the business environment;

(iii) by inserting the following new paragraph immediately after paragraph (b)—

(c) to provide direction on matters referred to it by the Investment Committee;

(b) by deleting subsection (2).

Amendment of section 974 of Cap. 486.

15. Section 974 of the Companies Act is amended—

(a) in subsection (1), by inserting the following new proviso—

Provided that this subsection shall not preclude a foreign company from suing, being sued, enforcing a right or incurring an obligation in Kenya under written law by reason of its non-registration.

(b) deleting subsection (2) and substituting therefor the following new subsection—

(2) For the purposes of subsection (1), carrying on business in Kenya (but is not limited to)—

- (a) being a party to an employment contract in Kenya;
- (b) holding a meeting of the shareholders or board of the foreign company in Kenya or conducting the internal affairs of the foreign company within Kenya;
- (c) establishing or maintaining an office or agency in Kenya for the transfer, exchange or registration of the securities of the foreign company;
- (d) lending money or providing any credit facilities to a person in Kenya;
- (e) creating or acquiring any debts within Kenya or any mortgage or security interests in any property within Kenya credit facility, charge or security from a person in Kenya;
- (f) securing or collecting any debt or enforcing any mortgage or security interests within Kenya;
- (g) acquiring an interest in property in Kenya;
- (h) providing digital financial services or payment processing services to a Kenyan resident or to an institution via a payment network domiciled outside Kenya;
- (i) entering into a commercial agreement with a licensed Kenyan entity for the provision of financial technology, payment infrastructure, or data processing services;
- (j) conducting marketing, promotional or brand awareness activities through a digital platform accessible in Kenya where there is no physical presence or direct sales operations established in Kenya;
- (k) maintaining contractual relationships with Kenyan financial institutions, merchants or service providers for the facilitation of international transactions;
or
- (l) using Kenyan-based third-party service providers for support functions

including customer services, compliance services or data analytical services, without establishing a permanent establishment in Kenya.

Repeal of section 22 of Cap. 487.

16. The Insurance Act is amended by repealing section 22.

Amendment of section 15 of Cap. 517.

17. Section 15 of the Export Processing Zones Act is amended—

(a) by deleting subsection (1) and substituting therefor the following new subsection—

(1) The Cabinet Secretary shall, on the recommendation of the Authority, with the object of attracting, promoting or increasing the manufacture of goods, or provision of services, for export, by notice in the *Gazette*, declare any area, land or building or part thereof in Kenya to be an export processing zone.

(b) by inserting the following new subsections immediately after subsection (2)—

(3) A person who intends to develop an export processing zone shall apply to the Cabinet Secretary for a declaration made under subsection (1).

(4) An application made under subsection (3) shall be determined without undue delay.

Amendment of section 19 of Cap. 517.

18. Section 19 of the Export Processing Zones Act is amended by inserting the following new subsections immediately after subsection (3)—

(4) The Authority may suspend a license where the holder of the license—

(a) ceases to carry on the business in respect of which the license is issued;

(b) fails to fulfil an obligation imposed under this Act;

(c) breaches a condition of the license;

(d) has been convicted for an offence under this Act;

(5) Where the Authority intends to suspend a license, it shall issue a notice in writing to the holder of the license specifying the reasons for the intended suspension and require the holder of the license to undertake the recommended remedial action within twenty-eight days of receiving the notice.

(6) Where the holder of a license receives a notice issued under subsection (5) does not undertake the recommended remedial action or the Authority is dissatisfied with remedial action undertaken by the holder, the Authority shall suspend the license.

(7) Upon suspension of a license under subsection (6), the Authority may revoke a license where the holder of the license does not undertake the recommended remedial action or the Authority is dissatisfied with remedial action undertaken by the holder for a period of at least six months.

(8) Where the Authority intends to revoke a license, it shall issue a notice in writing to the holder of the license specifying the reasons for the intended revocation and require the holder of the license to undertake the recommended remedial action within fourteen days of receiving the notice.

(9) Where the holder of a license receives a notice issued under subsection (8) does not undertake the recommended remedial action or the Authority is dissatisfied with remedial action undertaken by the holder, the Authority shall revoke the license.

(10) A holder of a license who intends to cease carrying on business in an export processing zone shall submit to the Authority a notice in writing of its intention and specify the effective date of the cessation of carrying on business.

(10) Upon receipt of the notice submitted under subsection (9), the Authority shall, on the effective date of the cessation of carrying on business, revoke the license.

Amendment of section 29 of Cap. 517.

19. Section 29 of the Export Processing Zones Act is amended in subsection (2) by inserting the following new paragraphs immediately after paragraph (h)—

Cap. 496.

(ha) exemptions from the payment of the Standards Levy imposed under the Standards Act;

Cap. 343.

(hub) exemptions from a manufacturing license issued under the Tea Act.

Amendment of section 4 of Cap. 517A.

20. Section 4 of the Special Economic Zones Act is amended—

(a) in subsection (1) by deleting the words “and in consultation with the Cabinet Secretary responsible for matters relating to finance”;

(b) by inserting the following new subsection immediately after subsection (1)—

(1A) Without prejudice to the generality of subsection (1), the Cabinet Secretary may declare a business process outsourcing or services-focused special economic zone where—

- (a) the zone consists of a designated land area, building or part thereof; and
- (b) the special economic zone enterprise is licensed, provided that the enterprise—
 - (i) employs at least two hundred full time persons;
 - (ii) is fully export oriented; and
 - (iii) meets such other criteria as the Authority may prescribe.

(1B) Without prejudice to subsections (1), (1A) and (2) the business process outsourcing and services-focused special economic zones may be exempt from being declared, by notice in the *Gazette*, as a special economic zone.

(c) in subsection (6) by inserting the following new paragraphs immediately after paragraph (j)—

- (k) educational zones for advanced training and centers for excellence;
- (l) such other sector as may be prescribed by the Cabinet Secretary on the recommendation of the Authority.

Amendment of section 27 of Cap. 517A.

21. Section 27 of the Special Economic Zones Act is amended—

(a) by deleting subsection (2) and substituting therefor the following new subsection—

(2) On receiving an application for a licence or for a renewal of a licence, the Authority, may on the recommendation of an operator and upon payment of the prescribed fee, issue to the applicant the appropriate licence or renew the licence, and inform the Commissioner of Customs.

(b) in subsection (5)—

- (i) by deleting paragraph (d) and substituting therefor the following new paragraph—
 - (d) Shall remain valid from the date of issue subject to the payment of prescribed fees and inspection by the Authority:

Provided that—

- (i) the licence is not revoked or suspended by the Authority;
- (ii) the licence shall expire, if after twenty-four months after the issuance, the developer, operator or enterprise has not commenced operations in accordance with the license conditions;
- (iii) a special economic zone developer, operator or enterprise that fails to pay the prescribed annual fees within sixty days following each twelve-month following the date issuance of the first licence shall be required to pay double the amount of the annual fee;

Amendment of section 34 of Cap. 517A.

22. Section 34 of the Special Economic Zones Act is amended by inserting the following new paragraphs immediately after paragraph (g)—

- (ga) the right to develop residential premises within the customs-controlled area of a special economic zone for use of persons employed within, and residing in, that special economic zone; provided that where such residential premises are sold, transferred, or otherwise disposed of, a one-off surcharge of two and a half per cent of the selling price shall be levied at the point of first sale, transfer, or disposal.

Amendment of section 35 of Cap. 517A.

23. Section 35 of the Special Economic Zones Act is amended—

- (a) in subsection (2) by inserting the following new paragraphs immediately after paragraph (i)—

- (ia) the payment of the Standards Levy imposed under the Standards Act for exports from a special economic zone:

Provided that where goods are removed from a zone to a domestic market, any standards-related levy shall be assessed only on the value of domestic sales, not on the total annual turnover;

- (b) by deleting subsection (5)

Cap. 496.

Amendment of the
First Schedule to
Cap. 517A.

24. The First Schedule to the Special Economic Zones Act is amended in paragraph 1, by inserting the following new paragraph immediately after paragraph (h)—

- (i) any other zone that may be declared by the Cabinet Secretary, on the recommendation of the Authority, by a notice published in the *Gazette*.

MEMORANDUM OF OBJECTS AND REASONS

The Business Laws (Amendment) Bill, 2026 seeks to make various amendments to various statutes.

Clause 1 of the Bill provides for the short title of the Bill.

Clauses 2 to 14 of the Bill seek to amend the Investment Promotion Act (Cap. 485) to realign the Authority's nomenclature with global best practice by renaming Kenya Investment Authority to Invest Kenya Authority; Authority's governance structure to align with Mwongozo by reducing board members to nine; institutionalize the One Stop Centre to enhance investment facilitation; and established an Investment Committee to strengthen coordination, approval and facilitation of strategic and priority investment projects.

Clause 15 of the Bill Seeks to amend Section 974 of the Companies Act (Cap 486) to provide legal certainty on what constitutes carrying on business in Kenya; and to provide clarity that non-registration shall not preclude a foreign company from suing, being sued, or enforcing rights/obligations in Kenya.

Clause 16 of the Bill seeks to amend Section 22 of the Insurance Act (Cap 487) to delete the provision on prohibition of licensing requirements of having at least one-third of controlling interest in the body.

Clauses 17 to 19 of the Bill seeks to amend the Export Processing Zones Act (Cap 517) to provide that: the Cabinet Secretary responsible for matters relating industrialization can declare an area as an Export Processing Zone on the recommendation of the Authority without requiring to consult the Cabinet Secretary for matters relating to finance; to provide for the suspension and cancellation of a license; removal of multiple levies, duties and permits to reduce the cost of doing business and enhance the competitiveness.

Clauses 20 to 24 of the Bill seeks to amend to provide that the Cabinet Secretary responsible for matters relating industrialization to declare an area as a Special Economic Zone on the recommendation of the Authority without requiring to consult the Cabinet Secretary for matters relating to finance; provides for the issuance of the SEZ licenses which will be perpetual subject to the payment of prescribed fees and inspection by the Authority and which shall be renewable subject to the performance requirements prescribed in regulations; Provides for BPOs to get enterprise licenses without gazettelement; qualify educational/training schemes to be recognized within zones; Provide for incentives for housing for workers in the zones; and remove multiple levies, duties and permits to reduce the cost of doing business.

Dated the....., 2026.

HON. LEEKINJANJUI, EGH
Cabinet Secretary
Ministry of Investments, Trade and Industry

Section 2 of Cap 485 which it is proposed to amend—

2. Definitions

In this Act, unless the context otherwise requires —

"Authority" means the Kenya Investment Authority continued under section 14;

Section 14 of Cap 485 which it is proposed to amend—

14. Authority continued as body corporate

The Investment Promotion Centre established under the Investment Promotion Centre Act (Cap. 485) is hereby continued as a body corporate under this Act to be known as the Kenya Investment Authority.

Section 16 of Cap 485 which it is proposed to amend—

16. Board of Authority

(1)The Authority shall have a board with responsibility for the overall direction and management of the Authority.

(2)The board of the Authority shall consist of the following—

- a) a chairperson appointed by the President;
- b) the managing director of the Authority;
- c) the secretary to the Cabinet;
- d) the permanent secretaries in the ministries responsible for matters relating to—
 - i. (i)finance;
 - ii. (ii)trade and Industry;
 - iii. (iii)agriculture;(iv)lands;
 - iv. (v)local authorities; and
 - v. (vi)planning.
- e) the chief executive of the Export Processing Zones Authority under the Export Processing Zones Act ([Cap. 517](#));
- f) (f)the chief executive of the Export Promotion Council; and
- g) (g)six members appointed by the Cabinet Secretary.

(3)A person shall not be appointed as the Chairperson or a member under subsection (2)(g) unless he has distinguished himself in the field of law, economics, commerce, industry or management.

Section 17 of Cap 485 which it is proposed to amend—

17. Term of office of Chairperson, appointed members

The Chairperson or a member appointed under [section 16\(2\)\(g\)](#) shall hold office for a period of three years and shall be eligible for reappointment.

Section 22 of Cap 485 which it is proposed to amend—

22. Secretary of board

The managing director of the Authority shall be the secretary of the board of the Authority.

Section 23 of Cap 485 which it is proposed to amend—

23. Managing director of Authority

- 1) The board of the Authority shall appoint a managing director who shall be the chief executive of the Authority and who, subject to the directions of the board, shall be responsible for the day to day running of the Authority.
- 2) The terms and conditions of employment of the managing director shall be determined by the board of the Authority.
- 3) A person shall not serve as the managing director for more than eight years.

Section 24 of Cap 485 which it is proposed to amend—

24. Other staff

- 1) (1)The Authority may appoint such other staff in addition to the managing director as the Authority considers advisable.
- 2) (2)The terms and conditions of employment of the staff of the Authority, other than the managing director, shall be determined by the Authority.

Section 26 of Cap 485 which it is proposed to amend—

26. Council established

The National Investment Council is hereby established as an unincorporated body consisting of the following members —

- a) (a)a Chairperson who shall be the President or a Cabinet Secretary designated by the President;
- b) (b)the Cabinet Secretaries responsible for matters relating to—
 - i. (i)finance;
 - ii. (ii)trade and industry;
 - iii. (iii)agriculture;
 - iv. (iv)lands;
 - v. (v)local authorities;
 - vi. (vi)planning;
 - vii. (vii)tourism and information; and
 - viii. (viii)environment, natural resources and wildlife.
- c) the Governor of the Central Bank of Kenya;
- d) the chairperson of the board of the Authority; and
- e) twelve persons appointed by the President to represent the private sector, each of whom has distinguished himself in the field of law, economics, commerce, industry or management.

Section 27 of Cap 485 which is proposed to amend—

27. Functions

- (1)The functions of the National Investment Council are—
 - a) to advise the Government and government agencies on ways to increase investment and economic growth in Kenya; and
 - b) to promote co-operation between the public and private sectors in the formulation and implementation of government policies relating to the economy and investment.

- (2) In carrying out its functions under subsection (1) the Council shall—
- a) monitor the economic environment to identify impediments to investment and economic growth and to propose incentives to promote investment and economic growth;
 - b) monitor economic development in Kenya to identify areas that may not be benefiting from economic development; and
 - c) consult with persons from both the public and private sectors to obtain views and suggestions for promoting investment and economic development.

Section 974 of Cap 486 which it is proposed to amend—

974. When foreign company may carry on business in Kenya.

1. A foreign company shall not carry on business in Kenya unless—
 - a) it is registered under this Part; or
 - b) it has applied to be so registered and the application has not been dealt with within the period prescribed for the purposes of this section.
2. For the purposes of subsection (1), carrying on business in Kenya includes (but is not limited to)—
 - (a) offering debentures in Kenya; or
 - (b) being a guarantor for debentures offered in Kenya.
3. If a foreign company carries on business in Kenya in contravention of subsection (1), the company, and each officer of the company who is in default, commit an offence and on conviction are each liable to a fine not exceeding five million shillings.
4. If, after a foreign company or an officer of the company is convicted of an offence under subsection (3), the company continues to carry on business in Kenya in contravention of subsection (1), the company, and each officer of the company who is in default, commit a further offence on each day on which the contravention continues and on conviction are each liable to a fine not exceeding five hundred thousand shillings for each such offence.
5. If a foreign company has applied to be registered under [section 975](#) and the application has not been dealt with within the period prescribed for the purposes of subsection (1)(b), the company is taken to be registered under this Part as a foreign company and accordingly is entitled to be issued with a certificate of compliance as such a company.

Section 22 of Cap 487 which it is proposed to amend—

22. Prohibition of licensing of certain persons

Subject to [section 23](#), a person may be licensed as an insurer under this Act only if—

- a) the person is a body corporate licensed under the Companies Act ([Cap. 486](#)); and
- b) at least one third of the controlling interest in the body (whether in terms of shares, paid up share capital or voting rights) is wholly under the control of—
 - (i) citizens of a Partner State of the East African Community;

- (ii) a partnership whose partners are all citizens of a Partner State of the East African Community; or
- (iii) a body corporate whose shares are wholly owned by citizens of a Partner State of the East African Community or the Government, or a combination of them.

Section 15 of Cap 517 which it is proposed to amend—

15. Declaration of export processing zone

- 1) The Cabinet Secretary may, on the recommendation of the Authority and in consultation with the Cabinet Secretary for the time being responsible for finance, with the object of attracting, promoting or increasing the manufacture of goods, or provision of services, for export, by notice in the *Gazette*, declare any area, land or building or part thereof in Kenya to be an export processing zone.
- 2) Every declaration of an export processing zone under subsection (1) shall define the limits of the zone and shall remain in force until revoked by the Cabinet Secretary by order in the *Gazette*.

Section 4 of Cap 517 A which it is proposed to amend—

4. Declaration of special economic zones

- 1) The Cabinet Secretary shall, on the recommendation of the Authority, and in consultation with the Cabinet Secretary responsible for matters relating to finance declare, by notice in the *Gazette*, any area as a Special Economic Zone as set out in the First Schedule.
- 2) A declaration of a special economic zone under subsection (1) shall—
 - a. (a) define the limits of the zone; and
 - b. (b) remain in force until revoked by an order in the *Gazette* by the Cabinet Secretary and on the recommendation of the Authority.
- 3) Where upon receipt of a recommendation under subsection (1), the Cabinet Secretary considers that gazettment of a special economic zone would infringe upon the public interest, the Cabinet Secretary may refer the recommendation back to the Authority to ensure the protection of that public interest.
- 4) A special economic zone shall be a designated geographical area which may include both customs controlled area and on-customs controlled area where business enabling policies, integrated land uses and sector-appropriate on - site and off-site infrastructure and utilities shall be provided, or which has the potential to be developed, whether on a public, private or public-private partnership basis, where development of zone infrastructure and goods introduced in customs-controlled area are exempted from customs duties in accordance with customs laws.(5)
- 5) Any public land declared as a special economic zone shall not be alienated for private use except to special economic zone developers, operators or enterprises or other bodies established within a special economic zone.

5A The Cabinet Secretary shall, on the recommendation of the Authority, set the minimum amount to be invested in an area declared as a special economic zone.(6)An area declared as a special economic zone under this section may be designated as a single sector or multiple sector special economic zone, and may include, but not limited to—(a) free trade zones;(b) industrial parks;(c) free ports;(d) information communication technology parks;(e) science and technology parks;(f) agricultural zones;(g) tourist and recreational zones;(h) business service

parks;(i)livestock zones;(j)convention and conference facilities.

Section 27 of Cap 517 A which it is proposed to amend—

27. Application and issue of licence

1. (1)A person who, intends to carry on business as a special economic zone developer, operator or enterprise, shall apply in the prescribed form to the Authority for an appropriate licence or for a renewal of the licence.
2. (2)On receiving an application for licence or for a renewal of a licence, the Authority, may on the recommendation of the Commissioner of Customs and upon payment of the prescribed fee, issue to the applicant the appropriate licence or renew the licence.
3. (3)In evaluating applications for special economic zone developer, operator and enterprise licences, the Authority shall assess the specific engineering and financial plans, financial viability, and environmental and social impact of the applicant's proposed special economic zone project, as appropriate.
4. (4)The Authority shall expeditiously render its decisions on licensing under this Act within one month from the date on which the duly completed application form is submitted together with relevant supporting documents.
5. A license issued under this section shall—
 - a) be in the prescribed form;
 - b) authorize the licensee to carry on business as a special economic zone developer, operator or enterprise;
 - c) be specific with regard to the activity to be carried out under the licence;
 - d) be valid for such period as the Authority may prescribe;(e)contain such other conditions as the Authority deems necessary.
6. A license issued under this section may—
 - a) (a)be amended at any time on written notice to the holder by the authority, if in its opinion the amendment is necessary; or
 - b) (b)be suspended or revoked by the Authority if the holder fails to comply with the conditions contained in the licence laid down in this Act or in any regulations made thereunder and where a licence is suspended or revoked, the holder shall take such steps as may be recommended by the Authority.
7. The Cabinet Secretary shall—
 - a) publish in the *Kenya Gazette* all approved applications to establish a special economic zone; and
 - b) within one hundred and eighty days of the coming into force of this Act, publish regulations on the application, issuance, suspension, revocation and appeal process on licensing of special economic zones.

Section 35 of Cap 517 A which it is proposed to amend—

35. Benefits accruing to special economic zone enterprises, developers and operators

- 1) All licensed special economic zone enterprises, developers and operators shall be granted tax incentives as specified in the respective tax laws.
- 2) Subject to subsection (1), the licensed special economic zone enterprises, developers and operators shall be granted the following exemptions from—
 - a) (a)stamp duty on the execution of any instrument relating to the business activities of special economic zone enterprises, developers and operators;
 - b) the provisions of the Foreign Investments and Protection Act ([Cap. 518](#)) relating to certificate for approved enterprise;
 - c) the provisions of the Statistics Act ([Cap. 112](#));
 - d) the payment of advertisement fees and business service permit fees levied by the respective County Governments' finance Acts;
 - e) general liquor license and hotel liquor license under the Alcoholic Drinks Control Act ([Cap. 121](#));
 - f) manufacturing license under the Tea Act ([Cap. 343](#));
 - g) license to trade in unwrought precious metals under the Trading in Unwrought Precious Metals Act (Cap. 309)(repealed);
 - h) filming license under the Films and Stages Plays Act ([Cap. 222](#));
 - i) rent or tenancy controls under the Landlord and Tenant (Shops, Hotels and Catering establishments) Act ([Cap. 301](#)); and
 - j) any other exemption as may be granted under this Act in consultation with the Cabinet Secretary for that matter, by notice in the *Gazette*.
- 3) The licensed special economic zone enterprises, developers and operators shall be entitled to work permits of up to twenty per cent of their full-time employees;
- 4) Despite subsection (3), on the recommendation of the Authority, additional work permits may be obtained for specialized sectors.
- 5) The incentives and tax benefits granted to a licensed special economic zone developer, operator or enterprise under this Act or any other written law shall apply for a period not exceeding ten years from the date of issuance of the license.