2026 TAX OUTLOOK – Navigating Reform, Enforcement, Compliance, and Precedent

BACKGROUND

2026 marks a decisive pivot in Kenya's tax landscape. After the turbulence of 2024, when sweeping proposals were rejected, and the cautious measures of 2025 designed to restore stability, this year is defined by enforcement, transparency, and reform. The Kenya Revenue Authority is moving from policy design to full operationalization, every expense validated through eTIMS, multinational groups brought under Minimum Top-Up Tax, and Advance Pricing Agreements reshaping transfer pricing certainty.

For taxpayers, the environment is both unforgiving and full of opportunity. Compliance is no longer a box-ticking exercise, it is a strategic advantage. Those who digitize records, align systems, and anticipate enforcement will navigate audits and disputes with confidence. Those who delay risk disallowed deductions, penalties, and reputational strain.

This Outlook distills the defining developments of 2026, new compliance requirements, regulatory reforms, landmark jurisprudence, and proposals that, if embraced, would make Kenya's tax system more competitive and fairer. It is not simply a technical update; it is a roadmap for businesses and individuals to prepare, adapt, and thrive in a tax environment now anchored in global standards and local enforcement.

Below, we explore the reforms already enacted, the enforcement measures now operational, and the jurisprudence that will shape audits and disputes in 2026.

A. Implementation of Advance Pricing Agreement (APAs)

Effective **1st January 2026*,*** taxpayers engaged in related party transactions will have access to a new compliance tool, Advance Pricing Agreements. Introduced through the Finance Act, 2025, APAs allow the Kenya Revenue Authority and businesses to agree, in advance, on the methodology for determining the arm's length price of such transactions. This reform is expected to reduce disputes, provide certainty, and align Kenya's transfer pricing regime with international practice.

Once concluded, an APA will remain valid for up to five years, offering stability in an area that has often been contentious. Draft regulations, the *Income Tax (Advance Pricing Agreement) Regulations, 2025* were published in November 2025 for public participation. These regulations set out the application process, documentation requirements, and conditions under which APAs may be revoked. Following stakeholder submissions, the final regulations may be gazette early in 2026 to complete the operationalization of the regime.

For taxpayers with significant related-party dealings, APAs mark a shift toward proactive risk management. The outlook for 2026 is that APAs will become a central feature of Kenya's tax administration, and businesses should begin preparing their transfer pricing documentation and policies to take advantage of this framework once the regulations are finalized.

B. Implementation of Validation of Income And Expenses

Beginning **1 January 2026**, the Kenya Revenue Authority (KRA) enhance the validation measures income and expenses declared in both individual and non-individual income tax returns. Through its public notice, KRA confirmed that expenses not supported by valid electronic tax invoices will no longer be deductible.

The validation process will rely on multiple datasets, i.e. TIMS/eTIMS records, Withholding Income Tax (WHT) gross amounts, and import records from Customs.

To comply with these requirements, taxpayers must ensure that all declared income and expenses are supported by valid electronic tax invoices. Invoices should be correctly transmitted with the buyer's PIN, where applicable. While limited exceptions exist under Section 23A of the Tax Procedures Act and the Tax Procedures (Electronic Tax Invoice0 Regulations, 2024, the default expectation is strict electronic compliance.

For taxpayers this underscores the need for businesses and individuals to strengthen their record-keeping and ensure full compliance with electronic invoicing requirements ahead of the effective date. Manual receipts or incomplete invoicing will expose businesses to queries, audits, and disputes. In 2026, eTIMS will became the single source of truth for validating expenses, and taxpayers should act early and digitize invoicing, reconcile records, and train staff to avoid disruption once enforcement begins.

C. Implementation of the Significant Economic Presence Tax

The Finance Act, 2024 repealed the Digital Service Tax and introduced the Significant Economic Presence Tax (SEPT) with effect from 27th December 2024. SEPT applies to income earned by non-resident persons from services provided through the internet or electronic networks where the user is located in Kenya. The tax is computed by deeming 10% of gross turnover as taxable profit, taxed at 30%, resulting in an effective rate of 3% on gross turnover.

To operationalize the regime, *the Income Tax (Significant Economic Presence) Regulations 2025* were published in September 2025 for public participation. The regulations set out the registration process, filing obligations, exemptions, and compliance requirements. They require non-resident service providers to register with KRA, obtain a PIN, and file monthly returns by the 20th day of the following month. The regulations also clarify the scope of taxable services, including streaming platforms. Downloadable content, cloud computing, online education, transport hailing services, digital advertising, and payment facilitation. Exemptions apply to non-residents with a permanent establishment in Kenya, income already taxed under Sections 9(2) or 10 of the Income Tax Act, and services provided to airlines in which the Kenyan government holds at least 45% shareholding.

The draft regulations emphasize accurate user location determination, robust record-keeping, and compliance with Kenya's Data Protection Act when handling customer information. Following stakeholder submissions, the final regulations are expected to be gazetted early in 2026, completing the operationalization of SEPT.

For taxpayers, the outlook is clear, SEPT is now embedded in Kenya's tax system. Non-resident providers must prepare for monthly compliance obligations, align systems to capture user location data, and strengthen internal processes to meet KRA's requirements once the regulations are finalized

D. Implementation of Minimum Top Up Tax

The Finance Act, 2024 introduced the Minimum Top-Up Tax as part of Kenya's domestic implementation of OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). This measure ensures that multinational enterprise (MNE) with consolidated group annual turnover of at least EUR 750 million (approximately KES 104 billion) in at least two of the four preceding years, pay a minimum effective tax rate of 15% in Kenya. Where the effective tax rate of a multinational group in Kenya falls below this threshold, the difference is collected as a "top-up" tax, guaranteeing Kenya its fair share of revenue from global groups operating locally.

To operationalize the regime, the Income *Tax (Minimum Top-Up Tax) Regulations, 2025* were published in November 2025 for public participation. These regulations provide the framework for computation of the effective tax rate, filing obligations, and administration by the Kenya Revenue Authority. The final regulations are expected to be gazetted in early 2026, completing the operationalization of MTT.

For taxpayers, 2026 marks the first year of active enforcement. Multinational groups must prepare for detailed reporting, reconcile local and global tax positions, and anticipate KRA's scrutiny of transfer pricing and effective tax rate computations. Internal systems should be aligned to capture group-wide data, and compliance teams should be ready for enhanced disclosure obligations once the regulations are finalized.

E. Implementation of Import Declaration Fee Revenue Allocation Change

Effective **1 January 2026**, the Finance Act revises the allocation of revenue from the Import Declaration Fee (IDF). The share directed to the International Obligations Fund increases from 10% to 20%, as governed by the Public Finance Management Act.

The revised allocation serves two purposes: 10% supports Kenya's international financial obligations, strengthening global credibility, while the other 10% funds revenue enforcement initiatives, enhancing the Kenya Revenue Authority's capacity to combat tax evasion and improve compliance.

This adjustment, while strategic, reduces the portion of IDF revenue available for domestic use, potentially requiring shifts in budget priorities or alternative revenue measures. Businesses engaged in importation should note the reallocation, as it reflects Kenya's broader fiscal strategy of balancing international commitments with domestic enforcement.

F. Implementation of Electronic Tax Invoicing for Fuel Stations

The Kenya Revenue Authority mandated that all fuel stations integrate with the Electronic Tax Invoice Management System (eTIMS Fuel Station System) by 30 June 2025. This sector-specific rollout connects forecourt controllers and point-of-sale systems directly to KRA, ensuring that every fuel transaction generates a real-time electronic tax invoice transmitted to the Authority.

Unlike other tax measures with express effective dates, the fuel station system does not "start" on 1 January 2026. Instead, its significance lies in the fact that 2026 is the first full year of operational enforcement. From this year forward, KRA has continuous visibility of petroleum sales, VAT, and excise duty collections, closing a long-standing compliance gap in one of Kenya's most revenue-sensitive sectors.

For taxpayers, the outlook is clear: fuel retailers must maintain uninterrupted system uptime, ensure forecourt controllers remain synced with KRA, and prepare for audits that are now digital by default. The reform signals KRA's broader strategy moving from policy design to sector-specific enforcement — with fuel stations serving as the flagship example of how digital compliance is being embedded into Kenya's tax administration.

G. Implementation of NSSF Phase IV

Effective **1 February 2026**, the National Social Security Fund (NSSF) will implement the fourth phase of the graduated contribution structure under the NSSF Act, 2013. The Lower Earnings Limit (Tier I) rises to Kes 9,000 and the Upper Earnings Limit (Tier II) to Kes 108,000, while the contribution rate remains at 6% for employees and 6% for employers. Consequently, the maximum monthly contribution per employee will rise to Kes 6,480, matched by the employer for a combined total of Kes 12,960.

Employers must update payroll systems to reflect the new limits and ensure accurate deductions and remittances. Contributions remain tax-deductible, but failure to comply with the revised thresholds may result in penalties under the NSSF Act.

H. Implementation of Kenya-Belgium DTA

On 30 September 2025, Kenya signed a Double Taxation Agreement (DTA) with Belgium, designed to eliminate double taxation, prevent tax evasion and promote cross-border investment. The treaty covers key taxes, including Kenyan income tax and Belgian individual income tax, corporate income tax, income tax on legal entities, non-resident income tax, and withholding tax on immovable property.

Once effective, preferential withholding tax rates will apply; dividends at 8% (for qualifying companies and pension funds) or 10% otherwise, Interest at 12%, Royalties at 10% and technical service fees at 10%. Capital gains rules also apply to immovable property and certain share disposals. Kenya will apply the credit method for double taxation relief, while Belgium generally applies the exemption method, with credits for interest and royalties.

The treaty will enter into force after both countries exchange instruments of ratification and will apply from **1 January 2026**. Businesses and individuals with Kenya–Belgium transactions should monitor ratification progress and prepare to leverage treaty benefits, including reduced withholding rates and enhanced certainty on taxing rights.

I. Budget Outlook – Fiscal Strategy and Tax Measures

The FY 2025/26 Budget, presented under the theme *"Sustaining Bottom-up Economic Transformation Agenda, Fiscal Consolidation and Investing in Climate Change Mitigation and Adaptation for Improved Livelihoods"*, set the fiscal stage for 2026. GDP growth was projected at 5.5–6%, inflation eased to single digits, and the fiscal deficit was targeted at 4.8% of GDP, financed through domestic borrowing and concessional loans. The government's strategy was anchored on fiscal consolidation and stronger revenue mobilization.

J. Publication of Reportable Jurisdictions for Common Reporting Standards (CRS)

Pursuant to the provisions of Regulation 2 of the Tax Procedures (Common Reporting Standards) Regulations, 2023, the Kenya Revenue Authority (KRA) has published the list of jurisdictions applicable for the purposes of the Common Reporting Standard (CRS). Through its public notice, KRA confirmed that Reporting Financial Institutions are required to apply the CRS framework using the updated list of reportable jurisdictions when preparing and submitting information returns. The list applies to information returns relating to periods beginning on 1 January 2025**.**

The reportable jurisdictions are as follows:

Albania, Argentina, Australia, Austria, Azerbaijan, Belgium, Brazil, Bulgaria, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Curaçao, Czechia, Cyprus, Denmark, Ecuador, Estonia, Finland, France, Georgia, Germany, Ghana, Gibraltar, Greece, Guernsey, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Liechtenstein, Lithuania, Luxembourg, Malaysia, Maldives, Malta, Mauritius, Mexico, Moldova, Monaco, Netherlands, New Zealand, Norway, Panama, Peru, Poland, Portugal, Russia, Rwanda, Saint Kitts and Nevis, Saint Lucia, San Marino, Saudi Arabia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, Uganda, Ukraine, United Kingdom, and Uruguay.

Taxpayers with business operations or transactions in any of the listed jurisdictions should note that the tax authorities in those countries are subject to information sharing obligations under the Common Reporting Standard (CRS) framework with the Kenya Revenue Authority.

Key tax measures under the budget, which were enacted through the Finance Act 2025, include:

- **Income Tax Act** Preferential corporate tax rates were introduced for Nairobi International Financial Centre-certified companies, offering reduced rates of 15% and 20% subject to investment and staffing conditions. The diminution allowance was reintroduced for industrial tools and loose items, retirement benefit exemptions were refined, and the due date for Minimum Top-Up Tax was aligned with the balance of tax payment period.
- **PAYE** Mortgage relief was expanded to cover construction of residential premises, gratuity payments were exempted from taxation, and employers were required to consider all eligible reliefs when assessing PAYE. The tax-free per diem limit was increased from KES 2,000 to KES 10,000 per day.
- **Value Added Tax (VAT)** Exemptions were rationalized to broaden the base and reduce distortions, with stricter enforcement expected in exempt sectors.
- **Excise Duty Act** Excise duty rates were revised on selected goods and services, including alcohol, tobacco, petroleum products, and certain imports, reinforcing excise as both a revenue and policy instrument.
- **Tax Procedures Act (TPA)** The Commissioner's discretion was expanded to waive penalties and interest where taxpayers demonstrated no fault, and provisions around electronic invoicing and objection procedures were strengthened.
- **Miscellaneous Fees and Levies Act** The Import Declaration Fee allocation was restructured, with a larger share directed to international obligations and enforcement initiatives.
- **Compliance Implications** For taxpayers in 2026, these measures mean payroll systems must be updated, excise duty changes incorporated into pricing, VAT exemptions carefully documented, and eTIMS fully embedded into invoicing. Fiscal pressures are driving aggressive monitoring, reinforcing the message that accountability is the defining theme of this year.

For a deeper dive into the FY 2025/26 budget measures and the Finance Act 2025 detailed analysis please read our full commentary available on: Analysis of The Finance Act, 2025.

K. Case Law Highlight 2025

2025 was a year of landmark tax jurisprudence in Kenya. Courts across different levels delivered judgments that clarified principles of VAT, excise duty, and withholding tax. These rulings are important because they will shape audits, disputes, and compliance strategies in 2026.

We begin with **Absa Bank Kenya PLC v Commissioner of Domestic Taxes [2025] eKLR (Supreme Court)**. In a game-changer for digital finance, the Supreme Court sided with Absa Bank against KRA, ruling that payments to Visa/MasterCard/AmEx are facilitation fees, not royalties, and interchange fees compensate costs, not professional services, dodging double taxation under the Income Tax Act. The question was whether interchange fees between banks and card companies should be treated as royalties or management fees, and therefore subject to withholding tax. The Supreme Court held that interchange fees are neither. They are not royalties, nor are they management or professional fees. This judgment curtailed the Kenya Revenue Authority's expansive interpretation of withholding tax and gave the banking sector certainty on a matter that had lingered for years. *For a detailed analysis of this ruling and its impact, see Taxwise Africa's commentary at The KRA v ABSA PLC*

Next is **Kenya Commercial Bank Limited v Commissioner of Domestic Taxes [2025] eKLR (Tax Appeals Tribunal)**. Here, the Tribunal ruled that vehicles auctioned by banks to recover loans are taxable supplies under the VAT Act. For banks, this means auctions are not exempt recovery mechanisms; they are VAT-liable transactions. The principle is clear: VAT applies whenever goods change hands, even in credit recovery.

In **ICEA Lion General Insurance Company Limited v Commissioner of Domestic Taxes [2025] eKLR (High Court)**, the question before court was whether when an insurer pays out a total loss claim and takes possession of the wrecked vehicle, is its subsequent disposal a taxable sale or merely the final step in delivering an exempt insurance service?

The Court was invited to interrogate the boundaries of VAT liability in the insurance sector. As the Kenya Revenue Authority sought to isolate salvage disposal as a standalone supply, the Court was asked to look beyond the sale and into the legal and economic substance of indemnity, subrogation, and the composite nature of regulated financial services.

The Court clarified the VAT treatment of salvage vehicles sold by insurers. It held that these disposals are VAT-exempt, because they form part of a single economic supply tied to the insurance indemnity. This ruling prevents double taxation in the insurance sector and aligns practice with economic reality. *For a detailed analysis of this ruling and its impact , see Taxwise Africa's commentary at The KRA v ICEA Lion*

In **Commissioner of Domestic Taxes v Kenya General Industries Ltd [2025] eKLR (High Court),** the dispute centered on the sequencing of VAT credits under Section 17(5) of the VAT Act. The taxpayer argued that Withholding VAT (WHVAT) credits could be applied directly, even where input VAT credits were carried forward. The Tax Appeals Tribunal had ruled otherwise, holding that input VAT credits must be exhausted first.

The High Court upheld the Tribunal's decision, emphasizing the mandatory nature of Section 17(5). It confirmed that carried-forward input VAT credits must be utilized before WHVAT credits, leaving no discretion to taxpayers.

This ruling reinforces strict statutory interpretation in VAT administration and has significant compliance implications. Taxpayers must carefully track the order of credit utilization, as misapplication will expose them to assessments, penalties, and disputes. For businesses reliant on WHVAT credits, the decision underscores the need for robust cash-flow planning, since input VAT balances take priority. *For a detailed analysis of this ruling and its impact, see Taxwise Africa's commentary at The KRA v Kenya General Industries*

The **Sendy Limited v Commissioner of Domestic Taxes [2025] eKLR (High Court)** where in a pivotal clash between digital platforms and tax authorities, the High Court overturned the Tax Appeals Tribunal's decision, deeming Sendy, a tech marketplace connecting transporters and customers, and the principal supplier liable for VAT on full delivery fees, not just commissions. Drawing from EU jurisprudence like the Fenix International case, the court prioritized "economic substance over form," emphasizing Sendy's control over pricing, dispatch, and payments, shattering the "asset-light" defence.

This seismic shift hikes tax burdens for Kenyan gig economy players, erodes reliance on private tax rulings, and redefines VAT in the digital age. This principle of deemed supply has far-reaching implications for logistics, ride-hailing, and e-commerce platforms. *For a detailed analysis of this ruling and its impact, see Taxwise Africa's commentary at* *The KRA v Sendy Ltd*

In **SBM Bank Kenya Limited v Commissioner of Domestic Taxes [2025] eKLR (Tax Appeals Tribunal)**, the Tribunal's ruling reinforced a critical principle, penal interest is interest income, not a fee, and therefore excluded from excise duty under the Excise Duty Act. For banks and other lenders, this means that default interest charged on overdue loans should be treated consistently as interest, not reclassified for tax purposes. The decision also underscores the importance of strict statutory interpretation, if the law excludes interest, KRA cannot expand its scope by implication. In practice, financial institutions should ensure loan documentation clearly distinguishes between interest and fees, and maintain records that support this classification during audits.

Finally, in **Pesapal Limited v Commissioner of Domestic Taxes [2025] KEHC 12284 (High Court)**, the Court held that payment service providers licensed under the National Payment System Act do provide VAT-exempt financial services. This recognition aligned fintech payment processors with banks and insurers in the tax framework, ensuring consistency in treatment across the financial services sector.

Why These Cases Matter in 2026

Together, these judgments set the enforcement tone for 2026. Four compliance themes stand out:

- **Banks remain central to tax jurisprudence.** From interchange fees in *Absa*, to auctions in *KCB*, salvage in *ICEA Lion*, and penal interest in *SBM Bank*, the financial sector continues to define the boundaries of tax law. Taxpayers in this sector must ensure documentation and classification are watertight.

- **VAT is expanding in scope and rigidity.** Courts confirmed VAT applies broadly — to auctions, salvage disposals, and digital platforms like *Sendy*. The principle of "economic substance over form" now anchors VAT enforcement, requiring businesses to reassess supply chains and pricing models.

- **Compliance sequencing is non-negotiable.** The *Kenya General Industries* ruling makes clear that input VAT credits must be exhausted before WHVAT credits. Taxpayers must align systems to reflect this order, or risk penalties and disputes.

- **Fintechs and payment providers are firmly within the compliance net.** The *Pesapal* ruling confirmed that licensed payment service providers are VAT-exempt financial service providers, aligning them with banks and insurers. This closes gaps in treatment and signals tighter oversight of digital finance.

For taxpayers, 2026 is not just about new laws and regulations. It is about living with the precedents set in 2025. These cases will shape audits, disputes, and compliance strategies in the year ahead, and those who anticipate their implications will navigate with confidence.

L. Anticipating the Finance Act 2026

The Finance Bill 2026 should not be viewed as another round of technical amendments. It is an opportunity to balance fiscal consolidation with competitiveness, fairness, and investor confidence. After the turbulence of 2024, when sweeping measures were rejected, and the cautious approach of 2025, which played safe to restore stability, 2026 must go further. Not by exposing taxpayers to unnecessary technical burdens, but by letting the spirit of the law come alive — reforms that are proportionate, practical, and transformative.

Key tax measures that would define this balance include:

a. Income Tax Act

- **Reinstatement of the Significant Economic Presence (SEP) Threshold** Restoring the KES 5 million annual gross turnover threshold would ensure Kenya's digital tax regime targets economically meaningful participation. It would ease compliance for non-resident investors, avoiding the absurdity of taxing incidental one-off transactions, and signal that Kenya is open for digital business.

- **Removal of the Loss Carryforward Limit** Eliminating the five-year cap on tax loss carryforward would be one of the most business-friendly measures in recent memory. It would encourage reinvestment, support start-ups and capital-intensive industries, and align Kenya with international best practice. Taxpayers should not pay tax on phantom profits while genuine losses are ignored.

- **Clarification of Withholding Tax on Freight and Demurrage** Streamlining obligations and excluding agents acting purely as conduits would reduce disputes in the shipping sector and improve efficiency in cross-border logistics.

b. Tax Procedures Act

- **Re-enable Overpayment Adjustment Vouchers (OAVs)** Allowing offsets of overpaid taxes against PAYE and withholding obligations would unlock trapped credits, reduce refund backlogs, and ease cash flow pressures for employers and SMEs. This is a practical reform that strengthens voluntary compliance and reduces disputes.

- **Graduated Penalties for eTIMS Non-Compliance** Replacing blanket sanctions with a graded penalty structure would encourage voluntary adoption while reserving severe penalties for deliberate evasion. This balances enforcement with pragmatism, signalling that Kenya wants compliance, not punishment.

- **Tax Amnesty Program** Reintroducing amnesty would provide relief to taxpayers burdened by penalties and interest, while delivering immediate revenue inflows to government. It would also rebuild trust between taxpayers and KRA, and reset compliance culture.

- **Agency Notices and Preservation Orders – Judicial Safeguards** Introducing pre-issuance impact assessments and partial holds would protect ongoing business activity while ensuring recoverability. This would reduce urgent litigation and improve perception of fairness.

c. **Value Added Tax**

- **VAT Special Table Reform** Introducing statutory safeguards around placement and removal from the VAT Special Table would protect compliant businesses from reputational harm and cash-flow disruption. This is about restoring due process and fairness in VAT administration.

- **VAT Withholding Agent Regime – Harmonized Timelines** Aligning remittance due dates with the monthly VAT cycle would reduce compliance friction, improve administrative efficiency, and maintain compliance without penalizing agents for unavoidable operational constraints.

The Spirit of 2026

Taken together, these measures would mark 2026 as a turning point in Kenya's tax journey. They move beyond the caution of 2025 and the turbulence of 2024, striking a balance between fiscal consolidation and competitiveness. The emphasis is not on technical tinkering, but on reforms that embody fairness, proportionality, and clarity.

If embraced, such measures would make Kenya easier for investors to navigate, more predictable for businesses to plan, and more credible in the eyes of global partners. 2026 should be remembered not for incremental amendments, but for laws that came alive — laws that spoke to the spirit of compliance, investment, and growth.

M. Conclusion

2026 is not simply another tax year; it is the point where Kenya's tax system completes its transition from policy design to full enforcement, while also opening space for bold, balanced reform. The Finance Act 2025 has already embedded measures such as Advance Pricing Agreements, Minimum Top-Up Tax, and eTIMS validation, ensuring that compliance is increasingly digital, transparent, and data-driven. At the same time, jurisprudence from 2025 — from interchange fees in *Absa*, auctions in *KCB*, salvage in *ICEA Lion*, sequencing of VAT credits in *Kenya General Industries*, and digital platform liability in *Sendy* — has clarified the boundaries of tax law and set the tone for enforcement in 2026.

Looking ahead, the Finance Bill 2026 should not be remembered for incremental technical amendments. It should embody reforms that are proportionate, practical, and transformative: reinstating the SEP threshold to attract non-resident investors, removing the loss carryforward cap to support reinvestment, unlocking trapped credits through OAVs, and restoring fairness in VAT administration. These proposals, if embraced, would make Kenya easier to navigate, more predictable for businesses to plan, and more credible in the eyes of global partners.

For taxpayers, the takeaway is unmistakable: those who strengthen systems, digitize records, and integrate both statutory requirements and judicial precedents into their compliance frameworks will not only avoid disruption but also gain certainty and credibility. Those who delay risk penalties, disallowed deductions, and reputational strain.

2026 stands out as the year of readiness, a year where compliance becomes a strategic advantage, and where reforms can bring the spirit of the law alive. By preparing early and embracing both enforcement and reform, taxpayers can position themselves for sustainable growth in a tax environment now firmly anchored in global standards, local enforcement, and forward-looking policy.

LET'S TALK

The reforms outlined in this outlook will reshape compliance in 2026. Every taxpayer's situation is unique, and proactive planning is the difference between disruption and confidence. If you would like to discuss how these changes affect your business, explore opportunities to optimize compliance, or receive tailored guidance on implementation, please reach out to your regular Taxwise Africa contact or the contacts below.

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