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THE TAX PROCEDURES (UNASSEMBLED MOTORCYCLES) (AMENDMENT) REGULATIONS 2024.

On 6th February 2025, the Cabinet Secretary for National Treasury and Economic Planning issued the Tax Procedures (Unassembled Motorcycles) (Amendment) Regulations, 2024.

These amendments aim to modernize the regulatory framework to support the growth of the electric motorcycle industry in Kenya, promote local manufacturing, and align with global sustainability goals. By reducing regulatory barriers and encouraging local production, these changes can stimulate economic growth and innovation in the automotive sector.



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We analyze below the proposed amendments and the implications thereto:

Amendment	Existing Legislation (2020)	Proposed Amendment (2024)	Legal Implication
New Definitions	No specific definitions for "battery system," "electric power system," "electric motorcycle," and "manufacturer."	Introduction of definitions for these terms.	Expands the scope of the regulations to explicitly cover electric motorcycles and their components, aligning with global trends towards sustainable transportation and supporting local manufacturing.
Changes to Definitions of "Authorized Assembler" and "Assembly Plant"	Definitions include the phrases "in a bonded warehouse facility" and "operated by an authorized assembler."	Deletion of these phrases.	Broadens the scope of who can be considered an authorized assembler and where assembly can occur, increasing competition and encouraging more local assembly operations.
Inclusion of "Manufacturer"	The term "manufacturer" is not included.	Insertion of the word "manufacturer" alongside "assembler."	Recognizes manufacturers who produce motorcycles using locally designed and developed parts, in turn promotes local industry and innovation, supporting the government's "Buy Kenya, Build Kenya" initiative.

We analyze below the proposed amendments and the implications thereto:

Amendment	Existing Legislation (2020)	Proposed Amendment (2024)	Legal Implication
Duty-Free Importation for Approved Manufacturers	No provision for duty-free importation for approved manufacturers.	Allowing parts or sub-assemblies for approved manufacturers to be imported duty-free.	Reduces costs for manufacturers, encouraging local production and potentially lowering the price of motorcycles for consumers. Makes locally assembled motorcycles more competitive in the market.
Specific Inclusions for Electric Motorcycles	No specific provisions for electric motorcycles.	Inclusion of components specific to electric motorcycles (e.g., electric motor, lithium-ion battery controller, DC to DC converter).	Facilitates the assembly and production of electric motorcycles by ensuring necessary components are explicitly covered under the regulations. Supports the growth of the electric vehicle industry in Kenya.
Exemption for Lithium-Ion Batteries	No specific exemption for lithium-ion batteries.	Introduction of an exemption of lithium-ion batteries for electric motorcycles from certain regulations.	Encourages the use of electric motorcycles by reducing regulatory barriers for key components. Leads to increased adoption of electric motorcycles, contributing to reduced carbon emissions.

We analyze below the proposed amendments and the implications thereto:

Amendment	Existing Legislation (2020)	Proposed Amendment (2024)	Legal Implication
Repeal of Regulation 15	Regulation 15 is in place. 15. Transition “A person who was an assembler of motorcycles before the commencement of these Regulations shall apply for approval as an authorised assembler in accordance with these Regulations within a period of three months from the coming into force of these Regulations.”	Repeal of Regulation 15.	Simplifies the regulatory framework and removes outdated and redundant provisions making compliance easier for businesses.

VERDICT

Overall, these amendments modernize the regulatory framework to support the growth of the electric motorcycle industry in Kenya. By promoting local manufacturing, reducing regulatory barriers, and encouraging the use of electric motorcycles, these changes align with global sustainability goals and stimulate economic growth and innovation in the automotive sector.

LET'S TALK

For further information on how the proposed amendments will affect your business or assistance on any other matter kindly contact your regular Taxwise Africa analyst or the contacts below.



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