

From the Team

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September 2023

## Kenya – Affordable Housing Levy Income

The calculation of the Affordable Housing Levy Income component has been enhanced to align with the recent definition of "Gross monthly salary" released by the Kenya Revenue Authority on 15 August 2023.

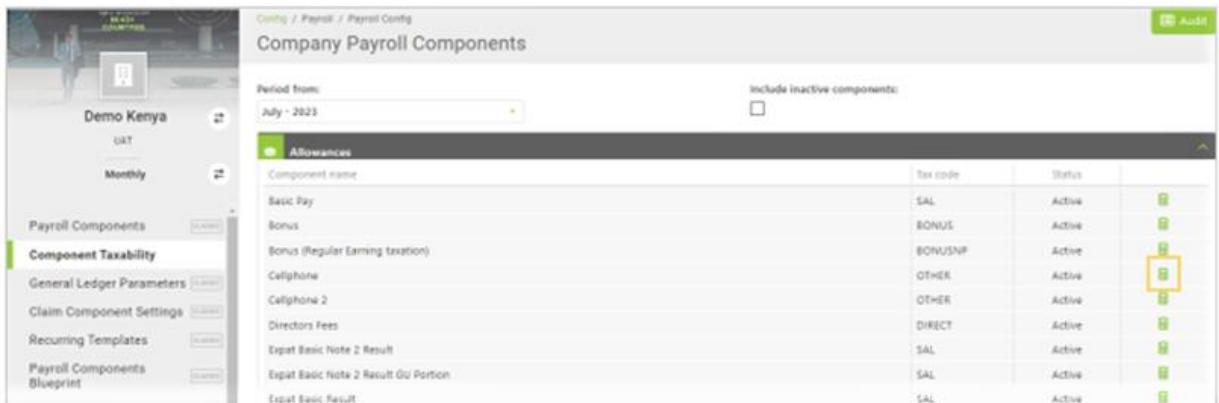
Click [here](#) to access the Public Notice.

### Paymaster Impact

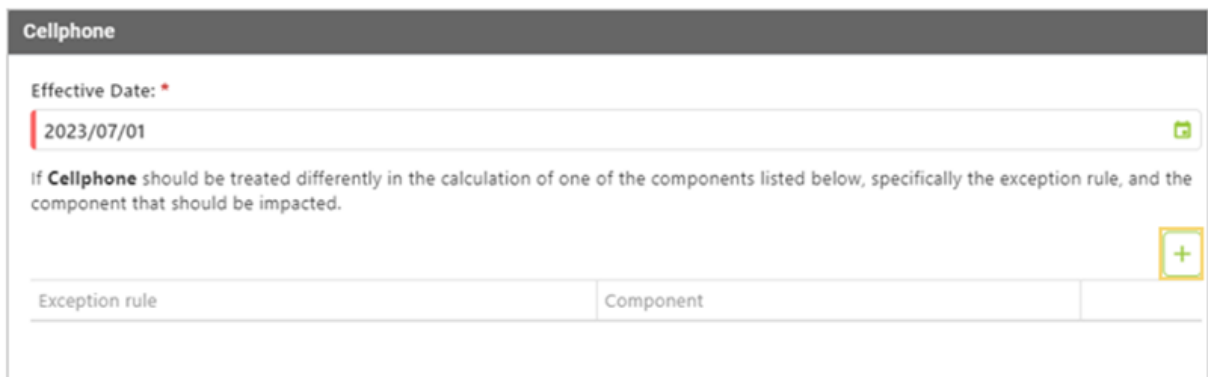
- Affordable Housing Levy Income (Tax code AHLI) will default to tax codes SAL, NONTAX, TRAVEL, NTRAVEL, HOUSEALL, and OTHER (previously Gross Income was used to calculate the Affordable Housing Levy Income).
- Affordable Housing Levy contributions (Tax codes AHLEE and AHLER) will be based on the abovementioned default (1.5%).
- The new Component Taxability screen has been activated to afford the user control over the components that are included in the Affordable Housing Levy income base.
- This new functionality will enable the users to include/exclude the relevant payroll components in the Affordable Housing Levy income base.

### How does it work

- Navigate to Config > Payroll > Payroll Config > Component Taxability
- This screen returns all the components configured per frequency on the Payroll Components screen (Config > Payroll > Payroll Config > Payroll Components)
- If a specific component should be included or excluded from the income base, then a component calculation exception can be added.
- The component calculation exception is essentially a rule that will be applied.
- It is set up on the component that should be included or excluded. It is not set up on the income base component.
- To add the component calculation exception the user must select the icon on the far right on the component line item.



- A sub-screen will appear with the component setup.
- In order to add an exception rule, select the + icon on the right of the sub-screen.



- Once the + icon is selected, the Effective Date, Exception Rule, and the Component (income base) must be defined.
- There are only two exception rules available for selection: Exclude and Include

**Cellphone**

Effective Date: \*  
2023/07/01

If **Cellphone** should be treated differently in the calculation of one of the components listed below, specifically the exception rule, and the component that should be impacted.

Exception rule	Component
Select...	
Search	
Exclude	
Include	

Cancel

- Only the income bases that are available for customisation will be available for selection in the Component dropdown.
- This cannot be defined by the user.
- For Kenya, the Affordable Housing Levy Income will be available for customisation.

**Cellphone**

Effective Date: \*  
2023/07/01

If **Cellphone** should be treated differently in the calculation of one of the components listed below, specifically the exception rule, and the component that should be impacted.

Exception rule	Component
Exclude	Select...
History	Search
Effective date	Affordable Housing Levy Income

Cancel

**Example:**

The below represents an exception rule where the Cellphone component will be excluded in the Affordable Housing Levy income base calculation from 1 July 2023.

**Cellphone**

Effective Date: \*

2023/07/01
+

If **Cellphone** should be treated differently in the calculation of one of the components listed below, specifically the exception rule, and the component that should be impacted.

+

Exception rule	Component	
Exclude	Affordable Housing Levy Income	+

**Please note:**

- The Component Taxability screen is per frequency, therefore, if a rule is applicable to all employees, it must be set up on each frequency.
- The component calculation exception is defined per component, and not per tax code.
- The Period from field on the top left of the Component Taxability screen is not applicable, only the Effective Date on the component calculation exception sub-screen is applied.
- All Kenya payrolls have been recalculated for open runs.
- Customers are advised to remove any override formulas in order to use the default calculation or new flexible functionality. In the override formula capture a "0" next to the field called "how many sources make up this formula?" and click on the "create line" button. Once completed, click on the "update accumulation" button and recalculate the payroll.
- If customers need to override the calculated components, tax codes AHLEE, AHLER as well as AHLI should be adjusted accordingly.