

From the Team

February 2024

Kenya - Court of Appeal Halts Affordable Housing Levy Deductions

Kenya's Court of Appeal has taken a significant step by putting a halt to the deductions related to the Affordable Housing Levy. This decision comes in response to ongoing legal cases that have been filed against the programme. In their ruling, a panel of three judges declared that the housing levy should remain suspended, as previously determined by the High Court.

Furthermore, the judges ordered an end to the collection of these charges after the government's authorized collection period ended on January 26th. The rationale behind this decision is rooted in the uncertainty surrounding the final verdict of these legal proceedings. If the Affordable Housing Levy is ultimately deemed unconstitutional, the process of refunding the collected funds could prove to be complex and problematic.

The judges emphasized the potential consequences of granting a stay at this stage, highlighting that if the appellate Court were to uphold the disputed decision, irreversible actions taken under the challenged laws might occur. They argued that, in the interest of the public, it is more prudent to refrain from granting a stay or suspension and instead await the resolution of the issues raised in the pending appeals.

Furthermore, the judges expedited the process by ordering those four consolidated appeals to be heard as quickly as possible. This decision aims to ensure that the concerns and questions raised in these appeals can be addressed and resolved promptly.

Click [here](#) for the news article.

Paymaster Impact

- Employees can be exempt from the Affordable Housing Levy contributions on company level (Basic Company Information screen > Statutory Fields) and on employee level (Basic Profile > Statutory Fields).
- Customers can decide when to stop the calculation of Affordable Housing Levy contributions on the payslips until further notice.
- If the January 2024 run has already been closed and customers would like to refund employees, create a January post run called KenyaAHL StatutoryUpdate, which will not be billed.
- In this scenario, customers are advised to activate the recalculation on the interim run by entering 0.01 on the tax code, SAL.