

From the Team

April 2024

Kenya – The Affordable Housing Act, 2024, Effective March 2024

On Tuesday, 19th March 2024, Kenya's President signed into law [The Affordable Housing Act 2024](#), amending the legislation which originally implemented the Affordable Housing Levy in 2023 in the Finance Act, 2023. The Act requires employees to contribute 1.5% of their gross monthly salary, matched by their employers, into the Affordable Housing Fund. The Act requires employers to remit this to the KRA (the collector on behalf of the Affordable Housing Fund) by the 9th of the following month. The KRA published a notice to inform employers that with effect from 19 March 2024, employers must remit this using tab M of the iTax file.

Click [here](#) to view the notice.

The employee contribution toward the Affordable Housing Levy is allowed as a tax deduction in terms of the Third Schedule of the Income Tax Act. However, currently, the iTax file does not make provision to allow this deduction on the payroll, we have escalated this to the KRA for clarification. Once more information is available it will be communicated.

Paymaster Impact

- If the Exempt from Affordable Housing Levy custom field has been activated on company or employee level, then the custom field should be de-activated.
- De-activating the custom field will initiate the calculation of the employee and employer contributions.
- To de-activate the company-level exemption, navigate to Config > Basic Settings > Basic Company Information > Statutory Fields.
- To de-activate the employee-level exemption, navigate to the Employee > Basic Information > Basic Profile > Statutory Fields. This can also be done via Bulk Actions.
- If the March 2024 run is already closed and customers do not want to re-open the run, then a March post run can be created, named "KenyaAHLMarch StatutoryUpdate", and will not be billed.
- In this scenario, customers are advised to activate the recalculation on the interim run by entering 001 on the tax code, SAL.