



MINISTRY OF TOURISM & WILDLIFE OFFICE OF THE CABINET SECRETARY

ACTIONS TAKEN BY KENYAN GOVERNMENT TO CUSHION KENYANS & ECONOMY AGAINST ECONOMIC EFFECTS OF COVID-19 PANDEMIC

The President addressed the Nation on 25th March 2020 on tackling Conavirus pandemic and issued the following directives, some key milestones that will directly and indirectly impact on tourism industry. These raft of measures and interventions will go a long way in unlocking and helping tourism industry quickly recover and bounce back to its normal operations once the Coronavirus pandemic is over.

H.E the President directed National Treasury to implement the following stimulus packages and reliefs that will help in increasing disposable income to the people and also boost corporate performance as well as positively impact tourism sector recovery as follows:

1. **100% Tax Relief** for persons earning gross monthly income of up to **Kshs.24,000/-** (low income earners who are the majority of the workforce)
2. Reduction of Income Tax Rate (Pay As You Earn) from **30% to 25%**
3. Reduction of Resident Income Tax (Corporation Tax) from **30% to 25%**
4. Reduction of the Turnover Tax rate from the current **3% to 1%** for all Micro, Small and Medium Enterprises (MSMEs).
5. Appropriation of an additional **Kshs. 10 billion** to the elderly, orphans and other vulnerable members of our society through cash transfer programme by the Ministry of Labour and Social Protection Services.
6. **Temporary suspension of the listing with Credit Reference Bureaus** (CRB) of any person, MSMEs and corporate entities whose loan account fall overdue or is in arrears, effective 1st April 2020.
7. National Treasury to cause immediate reduction of the VAT from **16% to 14%** effective 1st April 2020.
8. All Ministries and Departments to pay at least **Kshs13billion** of the verified pending bills, within 3 weeks from the date hereof. Similarly, private sector is also encouraged to clear all outstanding payments among themselves within 3weeks to improve liquidity in the economy and ensure businesses remain a float and enhance cash flows.
9. Kenya Revenue Authority to expedite the payment of all verified VAT refund claims amounting to **Kshs.10 billion within 3weeks**; or in the alternative, allow for offsetting of Withholding VAT, in order to improve cash flows for businesses.

10. **Kshs.1billion** from the **Universal Health Coverage** kitty to be immediately appropriated strictly towards the recruitment of additional health workers to support in the management of the spread of COVID-19.
11. Voluntary reduction in the salaries of the senior ranks of the National Executive led by the President and Deputy President who will take **80%** pay cut, Cabinet Secretaries **30%**, Chief Administrative Secretaries **30%** and Principal Secretaries **20%** .
12. The Central Bank of Kenya has already lowered Central Bank Rate (CBR) to **7.25% from 8.25%** which will prompt commercial banks to lower interest rates to their borrowers, hence availing the much needed and affordable credit to MSMEs across the country.
13. Further, the lowering of the Cash Reserve Ratio (CRR) to **4.25% from 5.25%** will provide additional liquidity of **Kshs.3 billion** to commercial banks to directly support borrowers that are distressed as a result of the economic effects of the COVID-19 pandemic.
14. The Central Bank of Kenya shall provide flexibility to banks with regard to requirements for **loan classification** and **provisioning for loans** that were performing as at March 2nd, 2020 and whose repayment period was extended or were restructure due to the pandemic.
15. The National Security Council has sanctioned and issued a **Public Order No.1 on the Coronavirus pandemic**; that effective **Friday 27th March 2020**, a Daily Curfew from **7pm – 5am** will be in effect in **the territory of the Republic of Kenya** and that all movement by persons not authorized between those hours **except the critical and essential service providers**. Further, the management of Kenya Ferry Services to be vested in National Police Service, the Coast Guard and the National Government Administration Officers with immediate effect.
16. Given that tourism industry will take long to recover from the shocks of the coronavirus, the Ministry is leading stakeholders to develop a comprehensive **Tourism Rescue & Recovery Strategy** as directed by H.E the President to guide the full recovery of the industry and bounce back to its buoyance and vibrancy.
17. The Government also **suspended all international flights** from taking off or landing in Kenya except for cargo flights and those coming to evacuate their nationals
18. Kenya is also **adhering strictly to international public health recommendations** issued by World Health Organization to combat COVID-19 by emphasizing handwashing with soap, sanitizing hands, not touching face, mouth and ears, using masks when in crowds, avowing crowding, staying at home and strictly enforcing Health Act.
19. The Government has also directed and **shutdown of schools, colleges, churches, mosques**, entertainment spots like night clubs, bars, gymnasiums, restaurants open but only for takeaways to avoid crowding that threatens the spread of the virus.

20. The Government has also instituted **mandatory quarantine** at their own expenses of all persons returning home from abroad at prescribed hotels and government facilities to avoid spread of the virus.
21. On **public transport** that included public service vehicles, motorcycles, the government has enforced the National Public Health Act that has directed carrying of 50% of passengers, sanitizing passengers and vehicles, wearing masks and strictly carry one passengers by motorcycles to curb spread of the virus
22. Encouraging all employees both public and private to **work from home** and use of mobile money transactions to avoid spread of the virus
23. The government also **discourages all non-essential travels** within and outside the country and travels to upcountry to avoid spread of COVID-19