KENYA REVENUE AUTHORITY

ISO 9001:2015 CERTIFIED

LMT/MST TAXPAYERS DEPARTMENT

APPLICATION FOR INCOME TAX EXEMPTION UNDER PARAGRAPH 10 OF THE FIRST SCHEDULE TO THE INCOME TAX ACT- CAP 470

Incomplete applications and those without all the required attachments shall not be considered for processing.

All the sections must be completed, all pages countersigned and the required documents attached as per the checklist.

Section A - Applicant's details.

1. Name of the Organisation: .....

2. PIN

3. Physical Address (*indicate town, road/street, building, and floor)*:

.....

.....

.....

4. Postal Address: ..... Code: ..... Town: .....

5. Email Address: .....

6. County: .....

7. Telephone contact:

	Telephone Number	**Name**
a. Primary		
b. Other		

Name ... ...

Signature ... ...

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8. Name of the Person in Charge of the Organisation: .....
9. Designation: .....

10. Name of the Auditor/Consultant/Tax Agent: .....

11. Date of Business commencement: .....

12. Accounting Period: .....

13. Tax Service Office (TSO): .....

14. Please indicate if your organisation is fee-charging

Yes	
No	

15. If charges apply, briefly explain the nature of business.

.....

.....

16. In case the charges relate to medical services or school fees please provide details of all the institutions under you in the table below - ***(Rule 25)***

a) Educational institutions

No.	Name	Type (Primary, Secondary etc.)	KRA PIN	Year of Establishment & commencement	Indicate (yes or no) if it has been granted tax exemption?	Location: *(county, town & road)*
1.						
2.						
3.						
4.						
5.						

Name ... ...

Signature ... ...

b) Health institutions

No.	Name	KRA PIN	Year of Establishment & commencement	Indicate (yes or no) if it has been granted tax exemption?	Location: *(county, town & road)*
1.					
2.					
3.					
4.					
5.					
6.					

17. Declare all your bank account details, local and foreign *(add rows/extra sheets if required)*

	Bank Name	Branch	Account Name	Indicate account if local or foreign	Account Number

Name ... ...
Signature ... ...

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Section B- Application details

1. Tick the application type and indicate expiry date of the previous certificate if the application is for renewal.

New		Renewal		Previous certificate expiry date	

2. Type of organisation and registration (Provide registration details).

1.	Type of organisation *(e.g., Irrevocable Trust, Society, Company Limited by guarantee)*:	
2.	Governing document *(e.g., Trust Deed, Constitution, Articles of Association)*:	
3.	Act of Parliament under which it is registered *(e.g., Perpetual Succession Act Cap 164)*:	
4.	Indicate the category e.g. NGO, Private entity or Government	
5.	Registration and Regulatory body *(e.g., Registrar of Societies)*:	
6.	Date of Registration by the Regulatory body:	
7.	Have you filed annual Returns of the last three years with your respective regulator?	
8.	Type of Registration certificate *(e.g., Certificate of Incorporation)*:	
9.	Registration certificate/incorporation certificate number *(attach certificate of incorporation/registration/exemption from registration)*:	
10.	State whether the organisation is local or International:	

Name ... ...

Signature ... ...

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3. Organogram

The table below provides details of staff of the organisation. Accurately fill in all areas, and provide the names and contact details of the trustees, directors and senior management.
(*Attach the corresponding organizational structure as an annexure, indicating the functions and the total staff establishment).*

Category of the staff	Details			
	Number	Name	Phone Number	Indicate if foreign (where applicable)
Level One - (Trustees, directors)		a) ..... b) ..... c) ..... d)	a) ..... b) ..... c) ..... d)	
Level Two - (Senior Management)		a) ..... b) ..... c) ..... d)	a) ..... b) ..... c) ..... d)	

No. of employees on contractual terms	
No. of employees on permanent and pensionable terms	
Total Number of employees (excluding trustees)	

4. Objects:

List the key charitable objects of the organisation as provided in your governing document - **Rule 6**

1.	
2.	
3.	
4.	
5.	

Name ... ...

Signature ... ...

5. Establishment and governing documents – Rule 5 & 6

Using the table below, indicate the respective clauses against each requirement in the governing document. Attach governing document/instrument and indicate when the governing document was revised: _____ (dd/mm/yy).

	Rule 5 & 6 Requirement	Corresponding clause in the governing document *(paragraph & subparagraph*	Comment
1.	Statement of sole primary charitable purpose for which the organisation was established:		
2.	Limitation of charitable purposes to those in law:		
3.	Secondary charitable purposes:		
4.	Specification of charitable objects:		
5.	Specification of activities that drive each charitable purpose:		
6.	Specification of the target beneficiaries:		
7.	Specification of the beneficiaries identification and selection criteria:		
8.	Prohibition of private benefits:		
9.	Limitation of activities to those listed in the governing document:		
10.	Restriction of usage of assets to the charitable purpose(s):		
11.	Dissolution clause:		

6. Public benefit– Provide the required in governing in the table below - Rule 8:

	Requirement		
1.	List the benefits offered by the organisation:	a) ..... b) ..... c) ..... d)	a) ..... b) ..... c) ..... d) .....
2.	Briefly describe how the beneficiaries are identified:		

Name ... ...

Signature ... ...

3.	Specify the categories of target beneficiaries:	a) ..... b) ..... c) ..... d)	a) ..... b) ..... c) ..... d) .....
4.	Indicate whether the beneficiaries are general or a section of the public:		
5.	Describe how the poor and vulnerable are identified and catered for *(for charitable schools & hospitals the approved criteria and report must be attached)*:		
6.	State the benefits offered to persons outside the targeted categories:	a) ..... b) ..... c) ..... d)	a) ..... b) ..... c) ..... d) .....
7.	State any applicable restrictions or exclusions in the allocation of the benefits:		
8.	Justify the exclusions/ restrictions:		

7. Dissolution Clause:

State your dissolution clause as it is worded in the governing document– Rule 6

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8. Operations – Rules 7, 9,10,11,12 & 13

Provide details of each activity carried out by the organization to achieve the charitable purpose(s). The activities must correspond to each purpose and the applicable rule.

	Charitable Purpose	**List of actual activities**	**Specify the corresponding Paragraph(s) of the rule**	**Specify exact location(s) for each activity**
1.	Relief of Poverty (Rule 10)	1..... 2.....	1..... 2.....	1..... 2.....

Name ... ...
Signature ... ...

		3..... 4.....	3..... 4.....	3..... 4.....
2.	Advancement of Religion (Rule 11)	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....
3.	Advancement of Education (Rule 12)	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....
4.	Relief of Public Distress (Rule 13)	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....

9. Public benefit & Expenditure Rule 8 & 14

(*For completion by all charitable organisations except fee-charging organizations in the education and health sectors*.)

Provide details of the beneficiaries and the corresponding costs for the last three (3) years. In case of advancement of religion, the number of beneficiaries may not be applicable but the cost associated with the religious programs must be provided.

No.	Paragraph 10. Charitable purpose	Actual No. of beneficiaries for each year			Actual program Costs for each year (Kshs.)		
		Year	Year	Year	Year	Year	Year .....
1	Relief of Poverty (Rule 10)						
2	Advancement of Religion (Rule 11)						
3	Advancement of Education (Rule 12)						
4	Relief of Public Distress (Rule 13)						
	TOTALS						

Name ... ...
Signature ... ...

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10. Public benefit & Expenditure Rule 8 & 14

(*For completion by fee-charging organizations in the education and health sectors***).**

No.	Paragraph 10. Charitable purpose		Actual Number of beneficiaries for each year			Actual Programme costs for each year (Kshs.)		
	Advancement of Education (Rule 12)		Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
1.	a.	Total No. of students						
	b.	Total No. of students on full scholarships						
	c.	Student percentage on full scholarships (b/a x 100)						
2.	Relief of Public Distress (Rule 13)							
	a.	Total number of patients						
	b.	Number of vulnerable patients						
	c.	Percent cost of treatment for the vulnerable groups (b/a x 100) *(10% of in and out patient previous year's accounting period)*						

N/B

The beneficiaries in the above table must be vulnerable persons in the society. The following documents should be attached to the application.

1. ***A list of vulnerable persons in the society who have either received full scholarships or free treatment.***
2. ***A list of the educational institutions and the number of the student population for each of the three years.***

Name ... ...

Signature ... ...

11. Impact Report –Rule 8 & 9

(For each applicable purpose provide details of the beneficiary types or groups and the corresponding impact or benefits)

No.	Charitable Purpose	Target beneficiaries *(as per the governing documents)*	Impact – Describe the benefits provided to each target group
1.	Relief of Poverty (Rule 10)		
2.	Advancement of Religion (Rule 11)	N/A	
3.	Advancement of Education (Rule 12)		
4.	Relief of Public Distress (Rule 13)		

12. Provide details for all sources of funds for the last three years -Rule 4

	Type	Gross Amount (KES)			Provide details for each type
		Year 1	Year 2	Year 3	
1.	Investment income				
2.	Rental Income				
3.	Business income				
4.	Interest income				
5.	Any other income (specify)				
	Total Income (1-5)				
6.	Disposal of assets/property				
7.	Permanent donor created Endowment Fund received during the year				
8.	Matured FDAs				
9.	Donations (Cash) Total ..... Restricted ..... Non-Restricted	....	....	....	
10.	Loans				
11.	Others (specify)				
	Total funds for the year				

Name ... ...

Signature ... ...

13. In case of Business Income, provide additional details in the table below:

Period	List business Name	Indicate PIN(if separate)	State the type of business	Gross Amount (KES)	Explain how the business is related to the charitable purpose
Year 1	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4. .....
Year 2	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4. .....
Year 3	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4. .....

14. In case of donations, use the table below to provide details of the donors and amounts donated by each in the last three years as applicable –Rule 26

Year	Name of donor	Donor Country	Relationship with donor	For each donation, indicate whether an agreement/ declaration exists Rule 26 (2) (e)	Type of Donations (in-kind or Cash)	Amount (Kshs.)
1	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....
2	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....

Name ... ...
Signature ... ...

3	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....	1..... 2..... 3..... 4.....
TOTALS						

15. Based on your audited financial statements, provide your expenditure report for the last three years using the tables below- Rule 14, 16 & 17

A. TOTAL FUNDS & EXPENDITURE REPORT.

Year	Total funds available in the year (A)	Total Expenditure for the year (B)	% of Expenditure B/A*100	Amounts Deposited In Fixed Accounts (C)	% Of FDAs C/A*100	Deficit/ Surplus for the year

B. EXPENDITURE ANALYSIS REPORT.

Expenditure category	Amount Year 1	% of total	Amount Year 2	% of total	Amount Year 3	% of total
Total Expenditure for the year		100%		100%		100%
Charitable Programs costs						
Administrative costs						
Staff costs						
Capital expenditure						
Finance costs						
Other (specify)						
Total		**100%**		**100%**		**100%**

Name ... ...
Signature ... ...

C. TOTAL INCOME & EXPENDITURE REPORT.

The report in this table is to demonstrate the applicant's compliance with the proviso to paragraph 10 of the First Schedule to the Income Tax Act that provides that profits and gains arising from the three specified sources that is business that is carried out in the actual execution of the purpose, or carried out by the beneficiaries or from letting and leasing shall not be exempt from tax unless it is fully applied to the purposes for which the entity was established. The applicant must demonstrate compliance with this requirement for exemption to be granted, failure to which the income not applied to charitable purposes should be taxed as appropriate.

Year	**Gross Income from Sources 1-5 under item 12 Above (A)**	**Cost for Charitable programs (B)**	**B/A*100 (%)**

D. In line with the requirements of Paragraph 10, you are required to provide detailed expenditure report to account for your application of the profits and gains arising from sources specified in the legal provision. You are required to fully account for the application of the business income in a similar manner as in the case of restricted funds.

Indicate the year	Total business profits & gains **(a)**	Expenditure Amount		Total Expenditure **(b)**	Percentage of expenditure **b/a x 100**	Balances **(a-b)**
		Name of charitable programme	Amount spent on each programme			
		1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.			
		1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.			
		1. ..... 2. ..... 3. ..... 4.	1. ..... 2. ..... 3. ..... 4.			
TOTALS						

Name ... ...

Signature ... ...

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16. Provide banking report for receipts and payments for the last three years in the table below- Rule 17

Year	Total receipts as per the bank statements	Bank accounts	Total pay-outs as per the bank statements	Bank accounts
		1. ..... 2. ..... 3. ..... 4.		1. ..... 2. ..... 3. ..... 4. .....
		1. ..... 2. ..... 3. ..... 4.		1. ..... 2. ..... 3. ..... 4. .....
		1. ..... 2. ..... 3. ..... 4.		1. ..... 2. ..... 3. ..... 4. .....

17. For pay-outs as per the bank statements, account ledgers in both hard and soft copies for each account and year.

a. Indicate all bank account details for which the ledger relates.

S/No.	Name of Bank	Account Number	Period of ledger	Comments
1				
2				
3				
4				
5				

b. Comment on the operation of the following taxes on all applicable payments including the amounts withheld/deducted and remitted

i. Withholding Income Tax:

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.....

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ii. Withholding VAT:

Name ... ...

Signature ... ...

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.....

.....

iii. PAYE

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.....

.....

c. Accounting of cash withdrawals

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d. Transfers to Fixed deposit accounts

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e. Payments made to persons other than service **providers**

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f. Any payments relating to non-charitable programs

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.....

Name ... ...

Signature ... ...

18. Were there any payments made to Trustees or Directors (Yes/No)?

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If yes, provide details of the payments including amounts and % against total expenses.

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19. Provide details of any accumulated revenue reserves and surpluses – Rule 16.

Indicate the Year	Total funds received during the year less business Income, permanent donor created Endowment fund and restricted donations (A)	Permanent donor created Endowment fund received/ created during the year (B)	Accumulated Surplus at the end of the year (C)	Accumulated Reserves (D)	Bank balances (E)
1					
2					
3..... (most recent year under review)					
Totals					
Average of Total for (A) A/3					
15% of the Average Total					
Percentage (%)					Total (C) at year 3 should be = or less than 15% of the 3 years average of (A)

Name ... ...
Signature ... ...

For instance, if the Total Funds (less Business Income, permanent donor created Endowment Fund and restricted donations received in the year) for:
Year 1 = 10M
Year 2= 20M and
Year 3 = 15 M
Cumulative surplus at end of year 3 is 20M.
The 15% average for the 3 years is derived as follows:

Total Funds (Net of Business Income, permanent donor created Endowment Fund, and restricted donations) for the 3 yrs = **45 M**

Average Funds for the 3 years = 45/3 = **15M**
15% of the average funds = 2.25M
Cumulative Surplus at end of year 3 = 20M

In this scenario the cumulative surplus of 20 **Million** at end of year three is more **than 15% of the average Funds for the 3 years which is 2.25M.** It therefore means the cumulative surplus is **beyond the prescribed limit**.

Comment on your surplus status

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20. List all non-cash assets owned by your organisation (You may attach an extra sheet in case the space below is not adequate)- Rule 17

No.	Description of asset	Registered name	Value	Source (purchased or donated)	Comments
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Name ... ...
Signature ... ...

8.					
9.					
10.					

For land and motor vehicles attach copies of the ownership documents.

21. Provide any other information that that you may deem necessary to support your application.

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22. Declaration (*For completion by the head of the organization only*)

I, ... Designation: .....

Date:..... Signature:.....

Declare that the ingoverning and disclosures provided in this application is correct and true.

Official Stamp/ Seal of the applicant:

Name ... ...

Signature ... ...

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Annexures I- Checklist (Rule 17 & others)

S/No	Type	Folio	Comment
1.	Application on the prescribed form.		
2.	Certificate of registration /incorporation/exemption of registration.		
3.	Copy of governing documents (s) that is fully compliant with Rule 5 & 6.		
4.	Copy of expired exemption certificate (where applicable).		
5.	Letter from government official.		
6.	Impact Report.		
7.	Photographic evidence of programs and activities.		
8.	Financial statements for the last three years in case of renewal.		
9.	Bank statements for three years.		
10.	Tax compliance certificate.		
11.	List of beneficiaries with their contact details (except for religious organizations).		
12	Itemized Pay-out schedules or analysis in the prescribed format for each bank account & year.		
13	Copies of the last 3 annual returns filed with the regulator.		
14	Certified copies of all the donations declarations /agreements with the donor & evidence of receipt.		
15	Copy of the Host Country Agreement (HCA) agreement & the corresponding Legal Notice where applicable.		
16	For Educational institutions attach a list of the of entire student population and highlight those on full scholarships for the three years.		
17	In case of fees charging hospitals attach a list of both inpatient and outpatient with a highlight of those treated for free.		
18	Approved criteria for identification of the beneficiaries and benefits assignment. (Except for Religious organisations)		
19	Motor vehicle & land ownership documents.		

Name ... ...

Signature ... ...