Country-by-country reporting in Kenya
Outline

• Introduction
• Methodology
• CbC in the context of Kenya
• How would KRA utilise CbC?
• Is KRA capable of utilising CbC?
• International or national adoption?
Introduction

- Internship in April - June

- Research question:
  - Should and could Kenya adopt country-by-country reporting (CbC) nationally?
    - How could Kenya adopt CbC?
    - Could KRA utilise the information provided by CbC?
    - What is optimal, international or national adoption?
Methodology

• 20 stakeholder interviews
  - 3 employees with KRA
  - 9 accountants
    • 4 from accountancy firms
    • 3 from other MNCs
    • 2 from Institute of Certified Public Accountants in Kenya
  - 6 representatives from Kenyan CSOs
  - 2 tax experts

• Semi-structured interviews

• (Lack of) familiarity with CbC
CbC in the context of Kenya

• Country-specific perspective
  - Few tax treaties
  - MNCs
  - Transfer pricing
  - Revenue gap

• Interviewees’ perspective
  - Private sector accountants
  - CSO representatives
How would KRA utilise CbC?

• Financial statements are used, when tax returns do not say enough
  - E.g. regarding Related Party Transactions

• The insufficiency of transfer pricing documents and information exchange
Is KRA capable of utilising CbC?

- Yes

- Elaborate procedures relating to risk assessments and audits, clear structure and good understanding of businesses

- Some external constraints on KRA

- Lessen rather than further KRA’s burden
**International or national adoption?**

- International adoption would lead to
  - International pressure for compliance
  - Responsibility for implementation and validation of information with the auditors and MNCs, respectively

- Global problems necessitate global solutions

- EAC as future research object
Summing up

“We know what we want, we know what we are looking for, and how to use it, but we do not know how to get it.”

Head of Audit, LTO, KRA
Thank you!