Alcohol Beverages Association of Kenya
Responsibility & Self Regulation Initiative

March 17, 2018

Court ruling on bottled drinks tax

The Kenya Revenue Authority (KRA) has been implementing new excise duty stamps through the Excise Goods Management System (EGMS) for alcoholic beverages in the last three years.

This platform has proved to be a key reference point in identification of illicit and counterfeit alcohol in the market and the industry has fully embraced its implementation.

However, ABAK holds the opinion that the cost of excise stamps are unduly borne by manufacturers and priced on the higher side and has duly indulged KRA on the same.

Stamps for beers and wines are an unnecessary requirement since the risk of non-compliance and counterfeiting is very low. We would also like to note that the excise stamps on spirits bear a Quick Response Code (QR Code) that enables distributors, retailers and consumers to easily identify and authenticate the legitimacy of the products.

A few days ago, ABAK came to learn that the High Court sitting in Nairobi declared the contract between KRA and SICPA securities (the company that was awarded the five-year contract for the supply of EGMS) null and void.

Whereas the absence of a foolproof system of identifying illicit brands is catastrophic for the alcoholic beverage industry, the public good far outweighs commercial interests. We will not however indulge in discussions over a matter that's subject to a court decision.

ABAK is committed to the rule of law and participation of all stakeholders in enacting and implementing National and County Laws. Any legislations and enforcement outside the tenets of duly enacted laws and the Constitution will be opposed strongly.

We look forward to a sensible and speedy conclusion of the case.

ABAK Secretariat