

Dear Valued Member,

26th January 2022

RE: MEMBER ADVISORY ON NHIF TAX RELIEF

Following inquiries from members seeking clarification on the effect of the **NHIF Tax relief** for employees pursuant to the Finance Act, 2021, the Federation of Kenya Employers (FKE) wishes to advise as follows;

- **Section 31** of the Income Tax Act was amended in subsection (1) by inserting the words "**or a contribution made to the National Hospital Insurance Fund**" immediately after the expression "2007" appearing in paragraph (v) of the provision to the sub section.
- This section of the Income Tax Act therefore provides as follows:

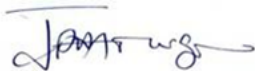
Insurance relief

(C) shall, for that year of income, be entitled to a personal relief in this Act referred to (v) a health policy whose term commences on or after 1st January 2007, or contribution made to National Health Insurance Fund shall qualify for relief.

- Pursuant to this provision, employees will be entitled to enjoy a maximum relief of Kshs. 255 per month i.e., 15% of Kshs. 1,700/= being the maximum monthly NHIF contribution.

The amendment to the Income Tax Act was assented to on the 29th June 2021 and gazetted on 30th June 2021 through the Finance Act (Kenya Gazette Supplement No. 128 (Acts No. 8) 2021. It provides for 1st January 2022 as the commencement date. In effect and in compliance with this provision the January 2022 payroll must comply with the law.

Signed for and on behalf of the
FEDERATION OF KENYA EMPLOYERS,



Jacqueline Mugo (Mrs), EBS, MBS, OGW
Executive Director & CEO



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Federation of Kenya Employers



FKEKenya