

Kenya enhances customs valuation system for efficient and transparent trade

Customs valuation is the process of determining the value of goods for the purpose of assessing the amount of taxes and duties they should be charged

Nairobi, 03 May 2024: The Kenya Revenue Authority and the United Kingdom (UK) have partnered to streamline the Customs valuation process to make it more efficient, transparent, consistent, and predictable. This will reduce disputes, ensure faster clearance of goods for businesses, and create a level playing field. This process is also expected to boost Government revenues, resolve issues of trade based money laundering, and contribute to safeguarding consumers from unsafe and counterfeit products.

As part of this enhancement, KRA with funding channelled through [TradeMark Africa](#), by the UK trained over 2200 people involved in import of goods. The two month-long activity convened customs staff, clearing agents, and traders from Nairobi, Mombasa, Eldoret, Busia, Malaba, Namanga, and Moyale to improve their understanding of valuation rules and enhance their awareness on recent updates to the system.

Commenting on the continued partnership between KRA and the UK, the British High Commissioner to Kenya Neil Wigan said *“Kenya is at the heart of East African trade. We want that trade to operate at maximum efficiency, to benefit businesses and consumers across Kenya and East Africa. The UK and Kenya are working together in partnership to provide high quality infrastructure, which will deliver growth for Kenya and the region. We go far when we go together.”*

The funding for the project is part of the UK Government’s work to drive sustainable and inclusive trade in Kenya and across Africa. The project supports the delivery of the [UK-Kenya Strategic Partnership](#), an ambitious five-year agreement delivering mutual benefits for the UK and Kenya, including job creation and economic growth.

KRA’s Commissioner for Customs and Border Control Department Ms. Lilian Nyawanda celebrated the positive outcomes of the customs valuation training initiative and appreciated the continued support from the UK. She noted the training programme will improve the skills of new customs staff, helping them understand better ways to value goods and use AI in custom processes. She remarked, *“The implementation of the customs valuation training has enhanced the knowledge and competency of the new customs staff in applying best practice in valuation methods, utilising [iCMS modules](#), and understanding issues like trade-based money laundering in addition to inculcating artificial intelligence in customs processes. Joint training of customs agents and traders will ensure that everyone works together to solve valuation related issues, while also simplifying their interaction with customs systems.”* Ms. Nyawanda further said that this comes at a perfect time as the Authority focuses on making trade smoother and boosting Kenya’s economy. **iCMS**, the Customs Management System of KRA, automates customs procedures and facilitates seamless communication between KRA and its internal and external stakeholders to streamline clearance processes. By allowing KRA to receive goods declarations prior to ships' arrival at the port, iCMS significantly reduces clearance time through anticipatory risk analysis before consignments reach the port.

KRA’s Customs and Border Control departments handle the authority’s import processes, from classifying goods and collecting taxes to clearing them for entry. Their work also entails combatting smuggling and illicit trade activities. Currently, due to limited staffing, customs valuation focuses on high-risk commodities using a risk-based approach. Officers at cargo points check documentation and

declared values, while a dedicated valuation unit handles complex cases. If there are disagreements on value, clearing agents representing importers and exporters work with the valuation unit to find a resolution.

The trainings form part of a broader framework of activities including, continuous engagement with the private sector to validate and address challenges; Incorporating price reference databases; Enhancing the valuation module and dispute resolution logic; Strengthening customs staff capacity; and exploring the establishment of a data exchange framework with customs authorities in key source countries.

The trainees were also trained about the World Trade Organisation (WTO) Agreement on Customs Valuation (ACV) for valuing imported goods. The system has been in use in Kenya (and the EAC region) since 2000. The ACV establishes a customs valuation system that primarily relies on the transaction value of imported goods, which refers to the actual price paid or payable for the goods when sold for export to the importing country, with certain adjustments for costs and charges.

Samuel Owuor Ominde, a trainer from the Kenya School of Revenue Administration ([KESRA](#)), remarked that Kenya's customs valuation system faces challenges, including traders struggling with valuation methods. The process has for long faced disputes over pricing, limited data and valuation alternatives, leading to delays and revenue losses. *"Customs valuation plays a big role in investment and expansion of trade. Customs officers, therefore, need to be conversant with valuation procedures, as their primary mandate is to facilitate international trade. Since international trade requires transparency, and valuation is key in this, it must be properly handled, or it can cause disputes. But if the officers know how to handle the process, then it becomes fast and saves money,"* Mr. Ominde stated.

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About Kenya Revenue Authority

The Kenya Revenue Authority (KRA) is the government agency responsible for the assessment, collection, and management of revenue on behalf of the Kenyan government. Tasked with ensuring compliance with tax laws, customs regulations, and other revenue-related statutes, KRA plays a pivotal role in generating the necessary funds to finance public services and development projects. Through its multifaceted operations, KRA contributes significantly to the country's fiscal sustainability and socioeconomic progress, fostering a robust financial ecosystem for the nation. The KRA Customs & Border Control Department is entrusted with the responsibility of enforcing customs regulations and facilitating international trade in Kenya. The department focuses on enhancing compliance, simplifying processes through automation, and promoting transparency to facilitate legitimate trade and ensure fair revenue collection. Through the enforcement of customs laws and regulations, KRA Customs contributes to the country's economic growth, protects domestic industries, and ensures the safety and security of Kenya's borders. For more information, please, visit: <https://kra.go.ke/>

About UK in Kenya

The UK-Kenya Strategic Partnership: The UK-Kenya strategic partnership [joint statement can be found here](#).

About TradeMark Africa

TradeMark Africa (TMA), formerly TradeMark East Africa, is a leading African Aid-for-Trade organisation that was established in 2010, with the aim to grow intra-African trade and increase Africa's share in global trade, while helping make trade more pro-poor and more environmentally



sustainable. TMA operates on a not-for-profit basis and is funded by: Belgium, the Bill & Melinda Gates Foundation, Canada, Denmark, the European Union, Finland, France, Ireland, the Mastercard Foundation, the Netherlands, Norway, the United Kingdom and the United States of America. TMA works closely with regional and continental inter-governmental organisations, national Governments, the private sector, and civil society. For more information, please visit www.trademarkafrica.com