

SPECIAL ISSUE

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REPUBLIC OF KENYA

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ACTS, 2015

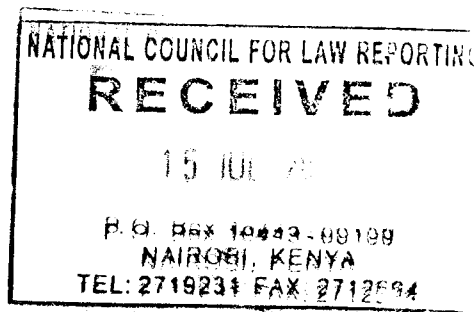
NAIROBI, 5th June, 2015

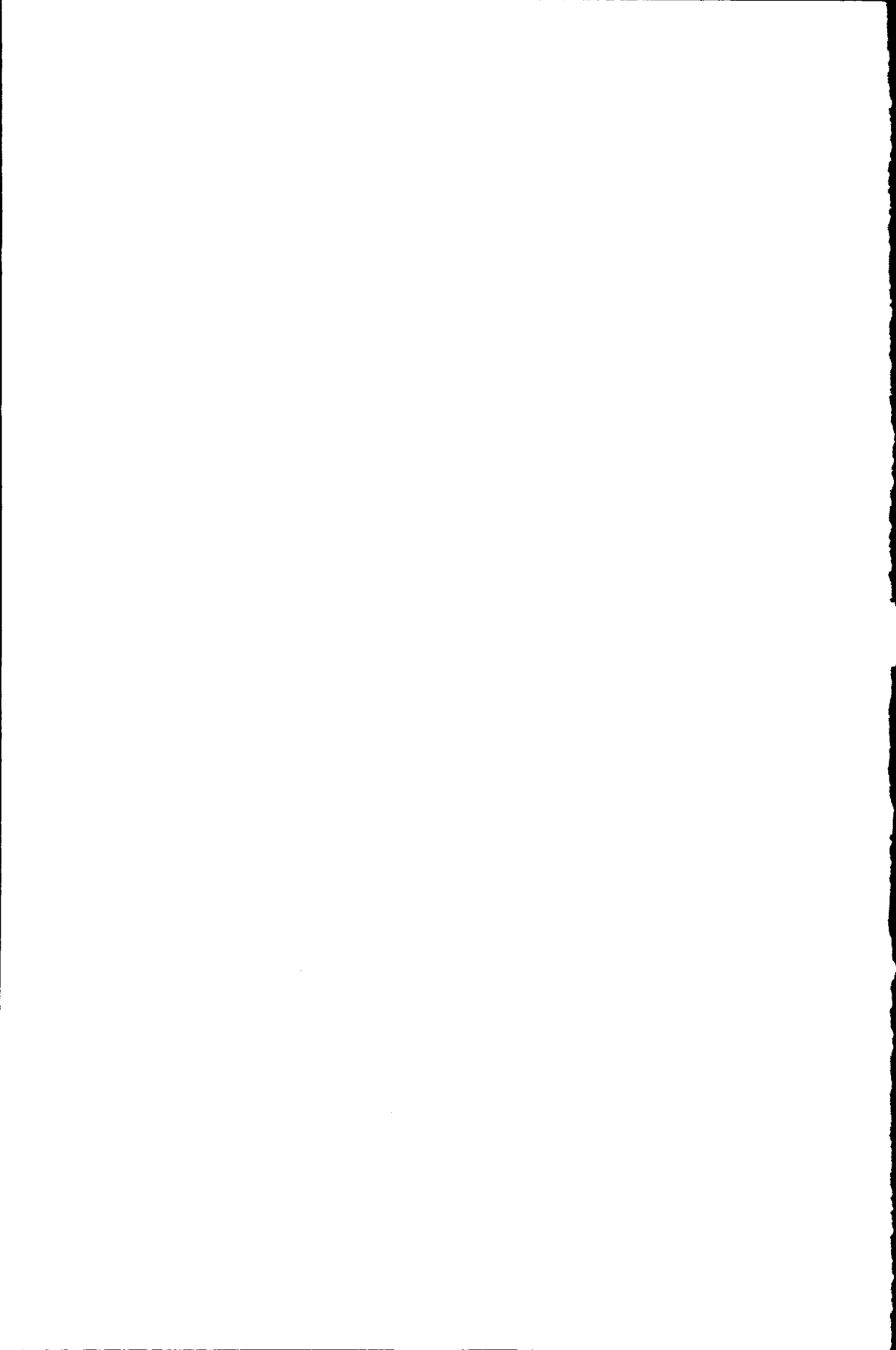
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THE DIVISION OF REVENUE ACT, 2015

No. 7 of 2015

Date of Assent: 4th June, 2015

Date of Commencement: 19th June, 2015

ARRANGEMENT OF SECTIONS

Section

- 1—Short title.
- 2—Interpretation.
- 3— Object and purpose of the Act.
- 4— Allocations to National Government and County Governments.
- 5— Variation in Revenue.
- 6— Resolution of disputes and payment of wasteful expenditure.

SCHEDULE

Equitable share of revenue raised nationally between the national and county governments for the financial year 2015/16.

THE DIVISION OF REVENUE ACT, 2015

AN ACT of Parliament to provide for the equitable division of revenue raised nationally between the national and county governments in the 2015/16 financial year, and for connected purposes.

ENACTED by the Parliament of Kenya, as follows—

PART I— PRELIMINARY

1. This Act may be cited as the Division of Revenue Act, 2015.

Short title.

2. In this Act, unless the context otherwise requires—

Interpretation.

“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for matters relating to finance;

“conditional allocations” means allocations in the share of revenue allocated to the national government for the purpose of meeting specified county government expenditure including financing county expenses relating to development programmes;

“county allocation” means the share of national revenue computed in accordance with Article 203(2) of the Constitution that is allocated for the use of the county government consisting of the county executive and the county assembly and includes conditional allocations under Article 202(2);

“county equitable share” means the share of national revenue allocated to the county level of government to be divided amongst county governments using the basis provided for in Article 217 of the Constitution;

“national government allocation” means the share of national revenue computed in accordance with Article 203(2) of the Constitution that is allocated for the use of the national government consisting of the Executive, Parliament and the Judiciary

“revenue” has the meaning assigned to it under section 2 of the Commission on Revenue Allocation Act, 2011;

No. 16 of 2011.

“State Organ” has the meaning assigned to it under Article 260 of the Constitution; and

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“wasteful expenditure” has the meaning assigned to it under section 2 of the Public Finance Management Act, 2012.

No. 18 of 2012.

3. The object and purpose of this Act is to provide for—

Object and purpose of the Act.

(a) the equitable division of revenue raised nationally between the national and county levels of government for the financial year 2015/16 in accordance with Article 203(2) of the Constitution;

(b) the financing and continuation of on-going services in accordance with Articles 187(2) and 203(1)(d) of the Constitution.

4. Revenue raised by the national government in respect of the financial year 2015/16 shall be divided among the national and county governments as set out in the Schedule to this Act.

Allocations to national and county governments

5. (1) If the actual revenue raised nationally in the financial year falls short of the expected revenue set out in the Schedule, the shortfall shall be borne by the national government.

Variation in revenue.

(2) If the actual revenue raised nationally in a financial year exceeds the projected revenues set out in the Schedule, the excess revenue shall be apportioned between the national government and county governments on a prorata basis in accordance with the criteria set out in the Schedule.

6. (1) Any State Organ involved in an intergovernmental dispute regarding any provision of this Act or any division of revenue matter or allocation shall, in accordance with Article 189 of the Constitution and before approaching a court to resolve such dispute, make every effort to settle the dispute with the other State Organ concerned, including exhausting all alternative mechanisms provided for resolving disputes in relevant legislation.

Resolution of disputes and payment of wasteful expenditure.

(2) If a court is satisfied that a State Organ, in an attempt to resolve a dispute has not exhausted all the mechanisms for alternative dispute resolutions as contemplated in section 35 of the Intergovernmental Relations Act, 2012 and refers the dispute back for the

No. 2 of 2012.

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reason that the State Organ has not complied with subsection (1), the expenditure incurred by that State Organ in approaching the court shall be regarded as wasteful expenditure.

(3) The costs in respect of such wasteful expenditure referred to in subsection (2) shall, in accordance with a prescribed procedure, be recovered without delay from the person who caused the State Organ not to comply with the requirements of subsection (1).

SCHEDULE

(s.4)

ALLOCATION OF REVENUE RAISED NATIONALLY BETWEEN
THE NATIONAL AND COUNTY GOVERNMENTS FOR THE
FINANCIAL YEAR 2015/16

Type/Level of Allocation	Amount in KSh.	Percentage (%) of 2012/13 Audited Revenue (i.e. KSh. 776.9 billion)
National Government	976,925,500,000	
Of which:		
Free Maternal Health Care	4,298,000,000	
Leasing of Medical Equipment	4,500,000,000	
Level-5 Hospitals	3,600,480,000	
Healthcare facilities compensation for forgone user fees	900,000,000	
Equalisation Fund	6,000,000,000	0.80%
County Equitable Share	259,774,500,000	33%
Total Shareable Revenue	1,242,700,000,000	
County Allocations		
County Equitable Share	259,774,500,000	

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Conditional Allocations (of which):	27,269,685,204	
1. Free Maternal Health Care	4,298,000,000	
2. Leasing of Medical Equipment	4,500,000,000	
3. Level-5 Hospitals	3,600,480,000	
4. Allocation from Fuel Levy Fund (15%)	3,300,000,000	
5. Healthcare facilities compensation for forgone user fees	900,000,000	
6. Conditional Allocations - loans and grants	10,671,205,204	
Total County Allocations	287,044,185,204	37%

