



KENYA

Small businesses to reap big from proposed law reforms

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East African Community and Regional Development Cabinet Secretary Adan Mohamed.

Wilberforce Okwiri, Standard Small and Medium Enterprises (SMEs) stand to win big as the government seeks to amend several laws to improve the ease of doing business in the country.

The Cabinet last week approved the Business Laws (Amendment) Bill 2019, proposing several changes to key legislation that if implemented, could remove several barriers SMEs face in doing business.

“We are making deliberate efforts to make it simple and easy for businesses to operate,” said East Africa Community (EAC) and Regional Development Cabinet Secretary Adan Mohamed.

“This Bill is just but one part of many other reforms that we are rolling out this financial year.”

Among the laws the Bill seeks to amend is the Law of Contract Act, the Industrial Training Act, the Registration of Documents Act, the Survey Act, the Stamp Duty Act, the Kenya Information and Communications Act and the National Construction Authority Act.

Others are the Occupational Safety and Health Act, the Land Registration Act, the Business Registration Act, the Companies Act and the Insolvency Act.

Entrepreneurs have in the past complained that the cost of compliance with some of the laws is punitive to small and medium operators, driving many of them out of business.

For instance, proposed amendments to the Kenya Information and Communications Act seek to have bloggers registered and regulated under the industry regulator Communications Authority (CA), failure to which they would be subject to a Sh500,000 fine or a two-year prison sentence.

At the same time, the Kenya Revenue Authority (KRA) is building a system that will see online merchants subjected to payment of income tax, a requirement that is likely to raise the cost of business for many vendors who use online platforms to market their goods and services.

The proposed Business Laws (Amendment) Bill 2019 is part of the government's plan to boost the country's ranking in the World Bank Ease of Doing Business index.

"The government has enhanced the ease of doing business mandate to business reforms and transformation to cover both private sector-led reforms and internal government service reforms," said CS Adan Mohamed.

The amendments are aimed at improving the business environment and attract investors in a bid to raise the country's ranking in the World Bank Ease of Doing Business Index to position 50 by next year.

Earlier this year, the country registered an unprecedented rise in the World Bank's Ease of Doing Business index from 136 globally in 2014 to 61.