

**REQUEST TO REJECT PUNITIVE PROVISIONS OF FINANCE BILL 2023/24 –  
“HUSTLER HAWESMAKE”.**

**PETITION FROM** \_\_\_\_\_

**VOTER TO MP FOR** \_\_\_\_\_

**CONSTITUENCY HON.** \_\_\_\_\_

**DATE** \_\_\_\_\_

**RE: REQUEST TO REJECT FINANCE BILL 2023/24 – “HUSTLER HAWESMAKE”**

**1. Details of the petition**

We, the voters of \_\_\_\_\_ constituency, write regarding the finance bill 2023/24 published by the government. The bill sets out the proposed financial plan for the financial year 2023/24, including the measures that the government proposes to raise the tax revenue and how the money will be spent.

**2. Reasons for this petition**

We note that the bill proposes to impose additional taxation on 21 items. Such heavy additional taxation is oppressive for citizens collapsing under the high cost of living.

We comment as follows:

1. In 10 years, Kibaki increased the tax revenue by 800 billion to 1 Trillion, and Uhuru increased its revenue by 900 billion to 1.9 trillion[1]. In one year, the bill proposes to increase the revenue by 1.1 trillion to 2.9 trillion. It is unclear what would herald such a significant shift in revenue collection. As such, we worry that the budget estimate is unlikely to be implemented because they rely on unattainable revenue levels.

2. A 2.2 trillion revenue target would be more realistic. The debt servicing is estimated at 917.7 billion as of June 2022. Therefore, if we are to leave within our means, the total budget estimate should be 1.3 trillion shillings in the current year as we build back better.

3. The proposed introduction of the housing tax of 1.5% from the earlier proposed 3% housing levy by both the employee and employer is a new proposal all together given that it requires introduction of the clause as a tax and not levy is a new legislative proposal and not what people participated on. This clause should be struck out completely. Additionally, the tax would have taken an individual paying KES. 50,000 annual housing levy to own an affordable house worth KES 4M in 80 years. How long will it take this same person to own such a house at a reduced housing levy of 1.5%? The new proposal of 1.5% housing tax

shows that the housing levy is a mere experiment with no clear purpose. Taking money from people for experiments is unacceptable.

4. Increase in the VAT rate on petroleum products from 8% to 16% is a horrendous move that is likely to impoverish and even malnourish us. The proposed increase will significantly impact the already high cost of living by increasing the cost of food, services, transportation of people and goods, and even the cost of other essential things like water and health. Ultimately, this will result in an increased cost of electricity. It will kill the bodaboda and mama mboga industries.

5. Increase turnover tax from 1% to 3% for businesses with a turnover of 1 million to 25 million a year. This will likely adversely affect informal micro and small businesses (especially those owned by women and youth) currently trying to formalize their operations. Most businesses need help to remain afloat. Please reject this and retain the current taxation rate.

6. We are also deeply concerned by the proposed taxation of food products, including maize and wheat flour. Please take measures to ensure that we have access to food at the minimum. That way, we have some energy to labor and survive to pay taxes.

These are only a few examples of the negative impact of the proposed tax increases. A valid case can be made against the increases proposed for all the other items.

### **3. Call for action**

Given the above, We the voters of \_\_\_\_\_ constituency, are against the finance bill 2023. We ask that you vote in support of your people. We will monitor how you vote, and please note that support of the bill will be a vote against us. You will cease to be our MP because you do not listen to us. We will do everything possible to recall you according to Article 104 of the constitution and not wait to vote you out in 2027.

1. Cut the cost of government and wastage.

The government had proposed to use austerity measures and save 300B instead of raising tax. This proposal should be implemented. PFM Act, 2012 provides for public wage bill to be limited to a maximum of 35% of the tax revenue. It runs at about 55%, losing up to 400B pa. Corruption costs 2B per day (720B pa). There is plenty of scope to cut costs.

2. Demand side economics model (government-led growth)

This is the model the country has been using, including the current administration. The model is based on the government's expenditure being responsible for generating economic growth and jobs. It has left the country in a near-collapsed state: unsustainable public debt; delayed salaries for government employees for the first time in the history of the country; delayed

remittances to the counties; lack of jobs, increased poverty, etc. The model does not work and must be changed.

### 3. Supply-side economics model (citizen-led growth)

We propose that the country switches to this economic model. The model is based on the citizens producing goods and services as the source of economic growth and job creation. It requires the government to provide incentives and reduce taxes to stimulate economic activity. Also, for the citizens to be empowered for maximum productivity.

### 4. Public debt

Address the problem of public debt to reduce pressure on the budget and create space for incentives, including tax reduction, to stimulate production. This is the highest priority in this budget process. Relief is required to give the incentives time to create the required impact. Reduce the expenditure budget and let us live within our means. Communicate honestly about Kenyans about social spending priorities during this tough economic period. It is not time to promise unrealistic offices and development initiatives, it is time for survival.

Thank you.

Signature \_\_\_\_\_

[1] <https://www.treasury.go.ke/wp-content/uploads/2022/12/2022-Budget-Review-and-Outlook-Paper.pdf>