PERFORMANCE CONTRACT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF KENYA THROUGH THE CABINET SECRETARY - THE NATIONAL TREASURY

AND

BOARD OF DIRECTORS - KENYA REVENUE AUTHORITY

FOR THE PERIOD

1ST JULY 2025 - 30TH JUNE 2026

Preamble

This Performance Contract (hereinafter referred to as "Contract") is entered into between the Government of the Republic of Kenya (hereinafter referred to as "GoK") represented by Cabinet Secretary - The National Treasury of (together with its assignees and successors) of the one part and Board-Kenya Revenue Authority (hereinafter referred to as the Board of Directors), (together with its assignees and successors) of 48240 - 00100 of the other part.

WHEREAS;

The Government is committed to ensuring that public offices are well managed and they are effective in delivering quality service to the public in line with the provisions of the Constitution of Kenya;

The Government recognizes that MDAs hold a key role in the implementation of the national priorities in order to improve the quality of life of the citizens and make Kenya globally competitive;

The purpose of this Performance Contract is to establish the basis for ensuring that efficient and effective services are delivered to Kenyans in line with the provisions of the Constitution. MDAs are required to adopt systems that enable innovativeness and adaptability of public services to the needs of users through automation and on-boarding of services on the e-citizen platform.

This Performance Contract therefore represents the basis for continuous performance improvement that meets the needs and expectations of the Kenyan people.

Therefore, the parties hereto agree as follows:

Part I: Statement of Responsibility by the Board of Directors

The Mandate of Kenya Revenue Authority is to:

1. Collect revenue on behalf of Government with an overarching goal of enabling the Government achieve revenue independence and thereby eliminate reliance on deficit financing.

It is our responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio- economic development. It is our undertaking to ensure that the Kenya Revenue Authority has a credible Strategic Plan and Performance Contract that will deliver the desired goals.

It is also our undertaking that we will perform our responsibilities diligently and to the best of our abilities to support the achievement of the agreed performance targets.

Part II: Vision Statement, Mission Statement and Strategic Objectives

(a) Vision Statement

An agile tax and customs revenue agency facilitating voluntary compliance for all.

(b) Mission Statement

To efficiently and effectively mobilise government revenue and facilitate trade by fostering compliance with tax and customs laws.

(c) Strategic Objectives

1. To enhance revenue mobilisation through tax base expansion, tax and customs compliance, intelligence management and data analytics.

2. To enhance service excellence through process optimisation, simplification and customer centric service delivery.
3. To transform into a highly digitalised seamless revenue administration facilitating ease of tax compliance and trade.
4. To strengthen human resource capacity and capability.

Part III: Statement of Strategic Intent by the Board of Directors

In carrying out our duties, we intend to put all our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030 MTP IV, Bottom-up Economic Transformation Agenda (BETA), keeping in mind the specific priorities of the Kenya Revenue Authority.

Bearing in mind the imperative of inclusivity, we will implement the following Strategic Intents during the Financial Year:

1. Ensure that the revenue projection in the budget statement for 2025/2026 is realized.
2. Driving performance accountability for improved performance in 2025/2026.
3. Enhance revenue mobilisation by broadening the tax base, combating tax evasion and using smart intelligence and risk-based compliance strategies.
4. Strengthen administrative capacity and enhancing transparency and fairness through organisational change and business process optimisation.
5. Create a staff establishment that is trustworthy, ethical, competent and helpful. This is through implementation of: work environment improvement programme; Staff expansion programme; Corporate culture change management programme; and through enhancing staff performance management and leadership development.
6. Enable business by leveraging on technology to achieve full electronic service leading to enhanced operational efficiency and high customer satisfaction.

Part IV: Commitments and Obligations of the Government

- Acknowledgement of receipt of correspondences and approval of requests are made within the timelines stipulated in the Citizens' Service Delivery Charter.
- Government will fund KRA with up to 2% of total collections.
- Release of additional funding for payment of refunds upon availability of exchequer funds.
- Hold dialogue on all changes proposed in policy, practice and legislation of tax management.
- Release additional funding for initiatives that have revenue impact upon availability of exchequer funds.
- Approve the operationalization of the Collaborative Platform for Research on Domestic Resource Mobilization (CPRDRM).
- Release up to 10% of the fund established from the Import Declaration Fee (IDF) to be used for revenue enforcement initiatives as per the Finance Act, 2025.

Part V: Reporting Requirements

Kenya Revenue Authority will submit its Quarterly and Annual performance reports online in the prescribed format to the designated agencies as specified in the Performance Contracting Guidelines for the purpose of monitoring progress and annual performance evaluation.

Part VI: Duration of the Performance Contract

The Performance Contract will run for one financial year from 1st July 2025 - 30th June 2026.

Part VII: Signatories to the Performance Contract

For and on behalf of Kenya Revenue Authority

Signature... Date...

HON. NDIRITU MURIITHI

CHAIRPERSON - BOARD OF DIRECTORS

Signature... Date...

MR. RICHARD NDUNG'U

INDEPENDENT BOARD MEMBER

For and on behalf of the Government of the Republic of Kenya

Signature... Date...

HON. FCPA JOHN MBADI NG'ONGO, EGH

CABINET SECRETARY

THE NATIONAL TREASURY

ANNEX I: PERFORMANCE CONTRACT MATRIX FOR KENYA REVENUE AUTHORITY

S/no.	Performance Criteria	Unit of Measure	Weight (%)	Status Previous Year 2024/2025	Target (FY 2025/2026)
A	**Financial Stewardship**				
A1	Absorption of Allocated Funds (GoK)	%	2.00	99.27	100.0000
A2	Appropriation -In-Aid	Kshs.	2.00	4734028332.76	4636107000.0000
A3	Absorption of Externally Mobilized Funds	%	3.00	99.89	100.0000
A4	Pending Bills Ratio	%	3.00	0.80	1.0000
	Weight Sub-total		**10.00**		
B	**Service Delivery**				
B1	Implementation of Citizens' Service Delivery Charter	%	4.00	100.00	100.0000
B2	Digitalization of Government Services	%	7.00	100.00	100.0000
B3	Resolution of Public Complaints	%	4.00	100.00	100.0000
	Weight Sub-total		**15.00**		
C	**Core Mandate**				
C201_1	Exchequer and Agency Revenue	Kshs.	42.00	2571533357830.00	2968763962601.9800
C201_2	Tax Base Expansion	No.	10.00	6538219.00	6688219.0000
C201_3	Value Added Tax (VAT) Refunds Processing	No. of Days	2.00	52.00	50.0000
C201_4	Taxpayer Satisfaction Rate	%	4.00	N/A	76.0000
C201_5	Ease of Doing Business	%	2.00	100.00	100.0000
C201_6	Productivity Improvement	Index	3.00	2.80	2.9000
C201_7	Project Completion rate	%	2.00	85.00	100.0000
	Weight Sub-total		**65.00**		
D	**Implementation of Presidential Directives**				

D1	Implementation of Presidential Directives	%	2.00	100.00	100.0000
	Weight Sub-total		**2.00**		
E	**Affirmative Action in Procurement**				
E1	Access to Government Procurement Opportunities	Kshs.	2.00	801056703.05	560049406.4100
E2	Promotion of Local Content in Procurement	Kshs.	2.00	4109082978.86	3239031046.0400
	Weight Sub-total		**4.00**		
F	**Cross - Cutting**				
F1	Asset Management	%	1.00	100.00	100.0000
F2	Youth Internships/ Industrial Attachments/ Apprenticeships	No.	1.00	1106.00	750.0000
F3	Competence Development	%	1.00	100.00	100.0000
F4	National Values and Principles of Governance	%	1.00	100.00	100.0000
	Weight Sub-total		**4.00**		
	Total Weight		**100.00**		

ANNEX II: PERFORMANCE CONTRACT EXPLANATORY NOTES

A. Financial Stewardship

A1 - Absorption of Allocated Funds(GoK)

During the FY 2025/2026, the Board will utilize 100% of all allocated funds amounting to Kshs. 30,734,665,547.00 on programmes, projects and activities for which the funds are appropriated and planned for comprising the following:

	Source of Funds	Unit of Measure	Target	Completion Date
1.	Recurrent expenditure	Kshs.	29030206547.00	6/30/2026
2.	Development Expenditure	Kshs.	1704459000.00	6/30/2026

A2 - Appropriation -In-Aid

In FY 2024/2025, the total A-in-A collection was Kshs. 4,734,028,332.76. During the FY 2025/2026, the Board targets to collect A-in-A totalling Kshs. 4,636,107,000. The reduction in the target compared to the previous year's collection is mainly attributed to the Kenya School of Revenue Administration (KESRA) not admitting new students in FY 2025/2026, thereby reducing its contribution as a source of A-in-A revenue. In this regard, the Board targets to collect A-in-A totalling Kshs. 4,636,107,000 from the following sources:

	Source of Funds	Unit of Measure	Target	Completion Date
1.	A-I-A on Agency Revenue	Kshs.	3919539000.00	6/30/2026
2.	Sale of Tamper- Proof seals	Kshs.	3820000.00	6/30/2026
3.	Interest income	Kshs.	224011000.00	6/30/2026
4.	Commercial property rent	Kshs.	9425000.00	6/30/2026
5.	Public Overtime	Kshs.	279000.00	6/30/2026
6.	Staff Residential Property Rent	Kshs.	152481000.00	6/30/2026
7.	Miscellaneous Income	Kshs.	141303000.00	6/30/2026
8.	KESRA A-I-A	Kshs.	185249000.00	6/30/2026

A4 - Pending Bills Ratio

During the FY 2025/2026, the Board of Directors will ensure that the Authority clears all its financial obligations (including, but are not limited to, payments to service providers, loan obligations, statutory deductions and unremitted contributory pension to relevant institutions.) and that pending bills incurred in the year, if any, will not exceed 1% of the approved budget being Kshs.31,464,665,547.

	Sub-Indicators	Unit of Measure	Target	Completion Date
1.	Pending Bills Ratio	%	1.00	6/30/2026

A3 - Absorption of Externally Mobilized Funds

During the FY 2025/2026, the Board will utilize 100% of all Externally Mobilized Funds amounting to Kshs 730,000,000.00 on programmes, projects and activities for which they were appropriated and planned for, comprising the following:

	Source of Funds	Unit of Measure	Target	Completion Date
1.	Horn of Africa (World Bank)	Kshs.	465000000.00	6/30/2026
2.	Eastern Africa Regional Transport, Trade and Development Facilitation Project (EARTTDFP)	Kshs.	265000000.00	6/30/2026

B. Service Delivery

B1 - Implementation of Citizens' Service Delivery Charter

Kenya Revenue Authority is committed to clearly communicate the expected service delivery standards, including requirements to access the services or goods, costs and the turn-around-times for the same. In this regard, the Board commits to implement the following:

	Sub-Indicators	Unit of Measure	Target	Completion Date
1.	Citizens’ Service Delivery Charter displayed prominently at the point of entry/service delivery points in both English and Kiswahili using the prescribed format and clearly visible font size of the contents for 42 Tax Service Offices.	%	10.00	3/31/2026
2.	Citizens' Service Delivery Charter customized to unique needs and convenient access of the customers by availing a braille Charter in 42 Tax Service Offices and translating the Charter to sign language, voice and/or subtitles and upload on the KRA website.	%	20.00	6/30/2026
3.	All staff in the 42 Tax Service Offices sensitized on the Citizens' Service Delivery Charter	%	20.00	3/31/2026
4.	Ensure conformity with the commitments and standards in the Citizens' Service Delivery Charter by establishing compliance to the commitments stipulated in the Charter through undertaking quarterly monitoring, analyzing and compiling compliance quarterly reports.	%	50.00	6/30/2026

B2 - Digitalization of Government Services

During the FY 2025/2026, the Board commits to undertake measures to accelerate the adoption of ICT solutions for ease of access, fast, cost effective, convenient and efficiency in service delivery. In this regard, the Board commits to implement the following:

	Sub-Indicators	Unit of Measure	Target	Completion Date
1.	Core services identified and prioritized for BPR	%	10.00	9/30/2025
2.	At least two core services re-engineered end-to-end	%	35.00	6/30/2026
3.	Re-engineered service processes digitalized	%	35.00	6/30/2026
4.	All digitalized customer facing services onboarded onto the e-citizen platform, where applicable	%	20.00	6/30/2026

B3 - Resolution of Public Complaints

During the FY 2025/2026, the Board commits to promptly address and resolve public complaints referred to the Authority directly or channelled through the Commission on Administrative Justice (CAJ), by undertaking the following:

	Sub-Indicators	Unit of Measure	Target	Completion Date
1.	Resolution of all complaints received.	%	70.00	6/30/2026
2.	Requests on access to information received processed	%	30.00	6/30/2026

C. Core Mandate

C201_1 - Exchequer and Agency Revenue

During the FY 2025/2026, the Board commits to collect Kshs. 2,968,763,962,601.98 of ordinary revenue from the following revenue streams:

	Sub-Indicator	Unit of Measure	Target	Completion Date
1.	Exchequer Revenue	Kshs.	2694168490579.77	6/30/2026
2.	Agency Revenue	Kshs.	274595472022.21	6/30/2026

C201_2 - Tax Base Expansion

During FY 2024/2025, the number of Active Taxpayers (PIN count) increased to 10,555,138. In FY 2025/2026, KRA aims to expand the number of payers. The number of payers stood at 6,538,219 as at the close of FY 2024/2025. In this regard, the KRA Board commits to increasing the number of payers by 2%, from 6,538,219 to 6,688,219 through the following interventions:
• Conversion of nil filers and non-filers into payers.
• Recruitment of new taxpayers.

	Sub-Indicator	Unit of Measure	Target	Completion Date
1.	Number of Payers Increased	No.	6688219.00	6/30/2026

C201_3 - Value Added Tax (VAT) Refunds Processing

During the FY 2025/2026, KRA commits to streamline the VAT refunds management to improve refunds processing time to 50 calendar days on average of all claims lodged from July, 2025. This will be achieved through the following strategies:
(i). Engaging The National Treasury to enhance Refunds Allocation of funds for making timely payment of approved claims; and
(ii). Fast tracking processing of new VAT refund claims lodged (except those under fraud related investigations, TAT and court).

	Sub-Indicator	Unit of Measure	Target	Completion Date
1.	Value Added Tax (VAT) Refunds Processing	No. of Days	50.00	6/30/2026

C201_4 - Taxpayer Satisfaction Rate

In FY 2025/2026, KRA undertakes to conduct a Taxpayer Satisfaction Survey. In the previous Taxpayer Satisfaction Survey conducted in FY 2023/2024, KRA attained a satisfaction score of 73.4%. In this regard, the Board aims to achieve a taxpayer satisfaction rate of 76% in FY 2025/2026 through the implementation of improvement initiatives targeting the following parameters: Tax process; Complaint Handling; KRA Core Values; Customer Support Channels; KRA Tax Systems; Procurement of Goods and Services; Customer Service Charter; Customer Relationship Management.

	Sub-Indicator	Unit of Measure	Target	Completion Date
1.	Taxpayer Satisfaction Rate	%	76.00	6/30/2026

C201_5 - Ease of Doing Business

During the FY 2025/2026, the Board of Directors commits to implement the following initiatives to improve the business climate with regard to ease of doing business:

	Sub-Indicator	Unit of Measure	Target	Completion Date
1.	Ease of Trading Across Borders Improved: • Rollout of Electronic Certificate of Origin (eCOO) under EAC & COMESA Trade Regimes (25%). • Roll out the Border Truck Management, Simplified Trade Regime and Passenger Declaration modules of eCUSTOMS mobile app in Namanga OSBP and Malaba OSBP (25%).	%	50.00	6/30/2026
2.	Implementation of planned initiatives for prioritized stationless services and submit quarterly reports	%	50.00	6/30/2026

C201_6 - Productivity Improvement

During the FY 2025/2026, the KRA Board of Directors commits to implement and adopt strategies and interventions that will enable the Authority to measure, manage and improve productivity and ultimately entrench a culture of productivity in the Authority through the following activities:
i. Develop the productivity improvement workplan.
ii. Report on implementation of prioritized countermeasures.
iii. Validate & compute productivity index

In this regard, the Board commits to improve KRA productivity index to 2.9.

	Sub-Indicator	Unit of Measure	Target	Completion Date
1.	Productivity Index Improved	Index	2.90	6/30/2026

C201_7 - Project Completion rate

During the FY 2025/2026, the Board will implement one (1) project enumerated in the Projects Implementation Matrix.

	Sub-Indicator	Unit of Measure	Target	Completion Date
1.	Project completion rate	%	100.00	6/30/2026

D. Implementation of Presidential Directives

D1 - Implementation of Presidential Directives

The Board will implement the Presidential Directives enumerated in the Directives Matrix and any other that may be issued between 1st July, 2025 and 30th June, 2026.

	Sub-Indicators	Unit of Measure	Target	Completion Date
1.	Implementation of Presidential Directives	%	100.00	6/30/2026

E. Affirmative Action in Procurement

E1 - Access to Government Procurement Opportunities

The total Annual Procurement Spend for the FY 2025/2026 for procurement of Goods, Services and Works is Kshs. 8,097,577,615.10 out of which Kshs. 7,169,222,674.10 is GOK Funded and is subjected to reservation for AGPO. From the GOK funded budget, there are specialized and ongoing contracts of Kshs. 5,302,391,319.40 thus leaving an amount of Kshs. 1,866,831,354.70, which is eligible for AGPO reservations. The Authority commits to allocate 30% (Kshs. 560,049,406.41) from the eligible lines to firms with AGPO certificates (Women, Youth and Persons Living with Disability), out of which at least 2% (Kshs. 11,200,988.13) will be allocated to Persons Living with Disabilities.
In order to facilitate achievement of this target, the Authority will build the capacity of the three target groups through trainings on Government procurement procedures, requirements for accessing Government procurement opportunities and on the specific procurement opportunities available in the Authority. Follow-up actions will include ensuring that the three groups within AGPO actually access the procurement opportunities and also facilitate quick processing of their supplied payments.

	Sub-Indicators	Unit of Measure	Target	Completion Date
1.	A minimum of 30% of the total procurement budget allocated and awarded to Youth, Women and Persons with Disabilities	Kshs.	560049406.41	6/30/2026
2.	Minimum 2% of the 30% Procurement Budget Reserved for PWDs	Kshs.	11200988.13	6/30/2026

E2 - Promotion of Local Content in Procurement

The procurement budget for FY 2025/2026 is Kshs. 8,097,577,615.10 out of which Kshs. 4,858,546,569.06 is reserved for international existing contracts. The Authority commits to allocate at least 40% (Kshs. 3,239,031,046.04) to procurement of locally produced goods and services under Buy Kenya Build Kenya initiative.

	Sub-Indicators	Unit of Measure	Target	Completion Date
1.	40% of the total procurement budget reserved and awarded for procurement of locally produced goods and services	Kshs.	3239031046.04	6/30/2026

F. Cross - Cutting

F1 - Asset Management

KRA is committed to ensure adequate asset management structures and systems are in place for prudent management of public assets for optimum economic and social benefits to the public. In this regard, during the FY 2025/2026, the Board of Directors will undertake the following:

	Sub-Indicators	Unit of Measure	Target	Completion Date
1.	Verified and updated Assets Register maintained	%	30.00	6/30/2026
2.	Assets Ownership documents acquired	%	30.00	6/30/2026
3.	Idle Assets disposed	%	40.00	6/30/2026

F2 - Youth Internships/ Industrial Attachments/ Apprenticeships

KRA is committed to engaging the youth progressively in internships, industrial attachments or apprenticeship programs for skills transfer. During FY 2024/2025, KRA onboarded a total of 1,106 interns and attachees, comprising 836 interns and 270 attachees. The interns were onboarded in May 2025, and their contracts run until May 2026, extending into the latter part of FY 2025/2026. In this regard, during the FY 2025/2026, the Board commits to engage 750 Youth in Industrial Attachments as follows:

	Sub-Indicators	Unit of Measure	Target	Completion Date
1.	Industrial Attachments	No.	750.00	6/30/2026

F3 - Competence Development

KRA is committed to enhancement of skills and proficiencies in order to address career progression of individual employees and improve institutional performance. During FY 2024/2025, KRA conducted a skills gap analysis. In this regard, the Board will undertake the following in FY 2025/2026:

	Sub-Indicators	Unit of Measure	Target	Completion Date
1.	Undertake Staff Training Needs Assessment and prepare annual staff training projections	%	15.00	9/30/2025
2.	Address the identified skills gap and training needs through interventions through recruitment, capacity building and staff training programmes.	%	45.00	6/30/2026
3.	Undertake Employee Performance Management by carrying out the following: i) Set individual employees annual performance targets for the FY 2025/2026 by 31st July, 2025 (10%); ii) Undertake Staff Performance Appraisal for all employees and compile the appraisal report for the FY 2024/2025 by 31st August, 2025 (15%); and iii) Develop an action plan and implement the recommendations emanating from the staff appraisal reports (15%).	%	40.00	6/30/2026

F4 - National Values and Principles of Governance

KRA is committed to making national values and principles of governance a central rallying ingredient and theme in the planning and execution of national policies, programs, projects and activities for improved service delivery. During the FY 2025/2026, the Board commits to implement the following:

	Sub-Indicators	**Unit of Measure**	**Target**	**Completion Date**
1.	Implement the following four (4) commitments and submit an Annual Progress Report on implementation of the commitments & way forward captured in the 2024/25 Annual President's Report on National Values and Principles of Governance (i). Enhance the capacity of institutions and stakeholders in the promotion of national values and principles of governance (10%); (ii). Continue to adopt innovative and creative measures to transform public service delivery (10%); (iii). Implement measures to promote accountability and openness in the management of public affairs and institutions (10%); and (iv).Upscale gender and disability; and mainstreaming in service delivery (10%).	%	40.00	6/30/2026
2.	Measures taken and progress achieved in the realization of National Values and Principles of Governance reported.	%	60.00	6/30/2026

ANNEX III: PROJECT IMPLEMENTATION MATRIX

SNo	Project Name	Project Description	Location	Total Estimate Cost	Current Status (status of physical completion)	Allocation for FY 2025/2026	Expected Deliverables (Outputs) for FY 2025/2026

1.	Develop and rollout the Enterprise Application Program Interface (EAPI) Platform and Publish 20 additional Application Program Interfaces (APIs)	The Enterprise Application Program Interface (EAPI) Platform will enable KRA to modernize interactions with partners, citizens, and other stakeholders, reinforcing KRA’s commitment to transparency, efficiency, and innovation. With this platform, KRA will streamline data exchange between internal systems, external partners, and service/solution providers, enhance operational efficiency and ultimately improve the quality and timeliness of services provided to stakeholders.	27th Floor Times Tower, Nairobi	1389860793.00	26% (7/26 APIs were published as at June 2025)	207600000.00	Implement the following by 30th June, 2026: 1. Complete the development and rollout of the EAPI Platform (60%); 2. Publish 20 additional APIs (40%)

ANNEX IV: PRESIDENTIAL DIRECTIVES MATRIX

SNo	Directive	Description	Date Issued	Timeline	Total Estimated cost	Allocation for FY 2025/2026	Key Deliverables for FY 2025/2026
1.	National Tree Growing Restoration Campaign	There is a Global call for action to halt and reverse deforestation and land degradation with consensus to restore at least 30% of the degraded terrestrial and marine ecosystems by 2030. Kenya has more than 90% of landscapes facing degradation (61% high and 27% severe). In response to the global call, the President launched the National Tree Growing and Restoration Campaign to grow 15 billion trees for restoration of 10.6 million hectares by 2032.	12/21/2022	30-06-2026	12613050.00	9600000.00	1. Grow a total of 300,000 trees (70%) 2. Key Stakeholders mobilized to grow trees, in liaison with the State Department for Forestry (30%)

2.	Corruption Prevention	The Directive is in line with the provisions of Section 9 (1) of the Anti-Bribery Act, Cap 79B and Anti-Bribery Regulations and Guidelines 2022 for the purpose of prevention of bribery and corruption in the public and private entities.	6/30/2025	30-06-2026	0.00	0.00	i) Anti-bribery and corruption mitigation plan and procedures developed (40%), ii) Corruption mitigation plan and procedures implemented (40%), and iii) Capacity building on corruption prevention undertaken (20%).