

How Will The Kenyan Government Finance Deficit in The FY 2023/24

By

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Outline

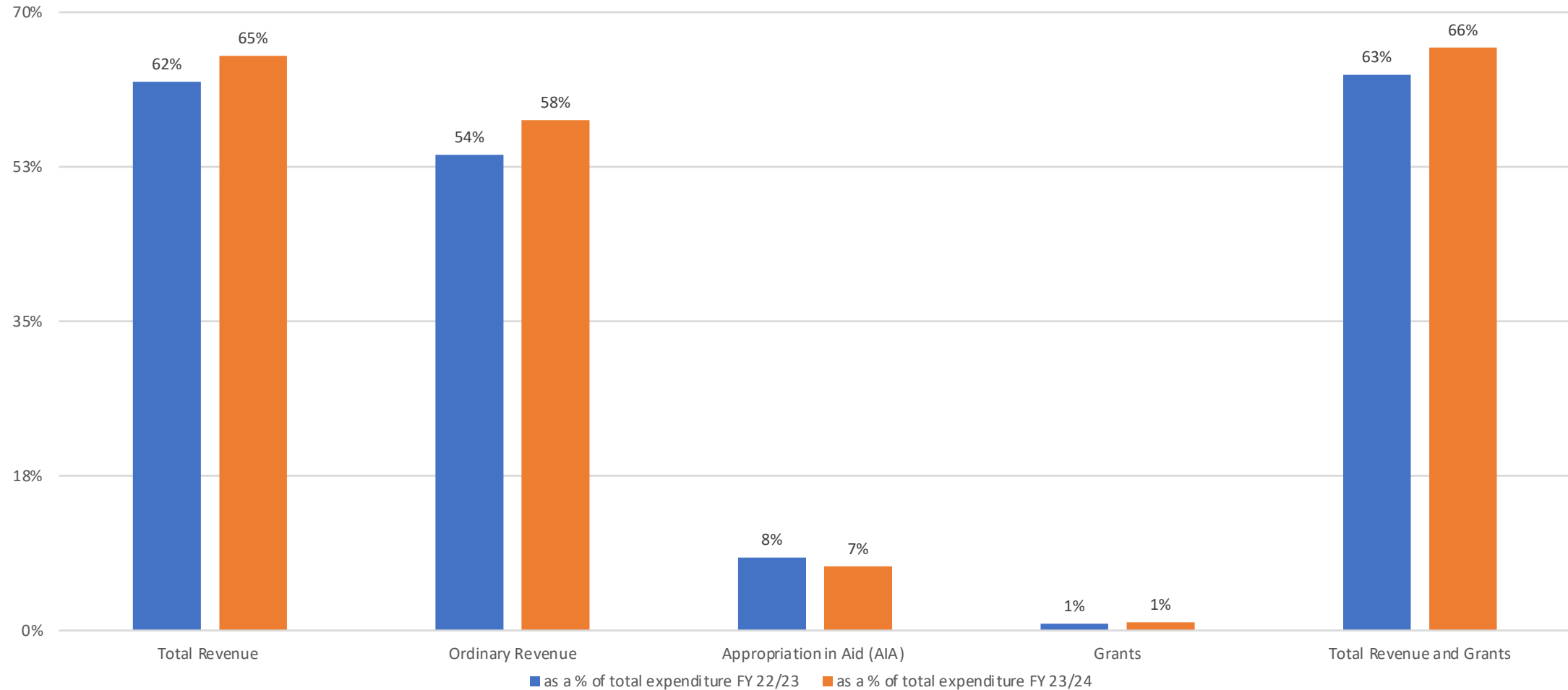
1. Budget Outturn 2022/23
2. Revenue Estimates as a share of expenditure
3. Deficit as a share of expenditure
4. Breakdown of Revenue Projections
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 - Domestic
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Budget Outturn Table-(FY2022/23-FY 2023/24)

	Supplementary Budget (Ksh B) FY 2022/23	Budget (Ksh B) FY 2023/24
Revenue		
Total Revenue	2,529	2,894
Ordinary Revenue	2,192	2,571
Appropriation in Aid (AIA)	337	323
Grants	31	42
Total Revenue and Grants	2,560	2,936
Expenditure		
Total Discretionary Expenditure		
National Executive	2,044	2164
Parliament	51	40
Judiciary	22	23
County Governments	400	385
TOTAL	2,517	2,612
Non Discretionary Expenditure		
Consolidated Fund Services	1,553	1,836
of which: Interest	676	775
Redemption	685	850
Pension and others	192	211
TOTAL	4,070	4,448
Deficit	-1,510	-1,512

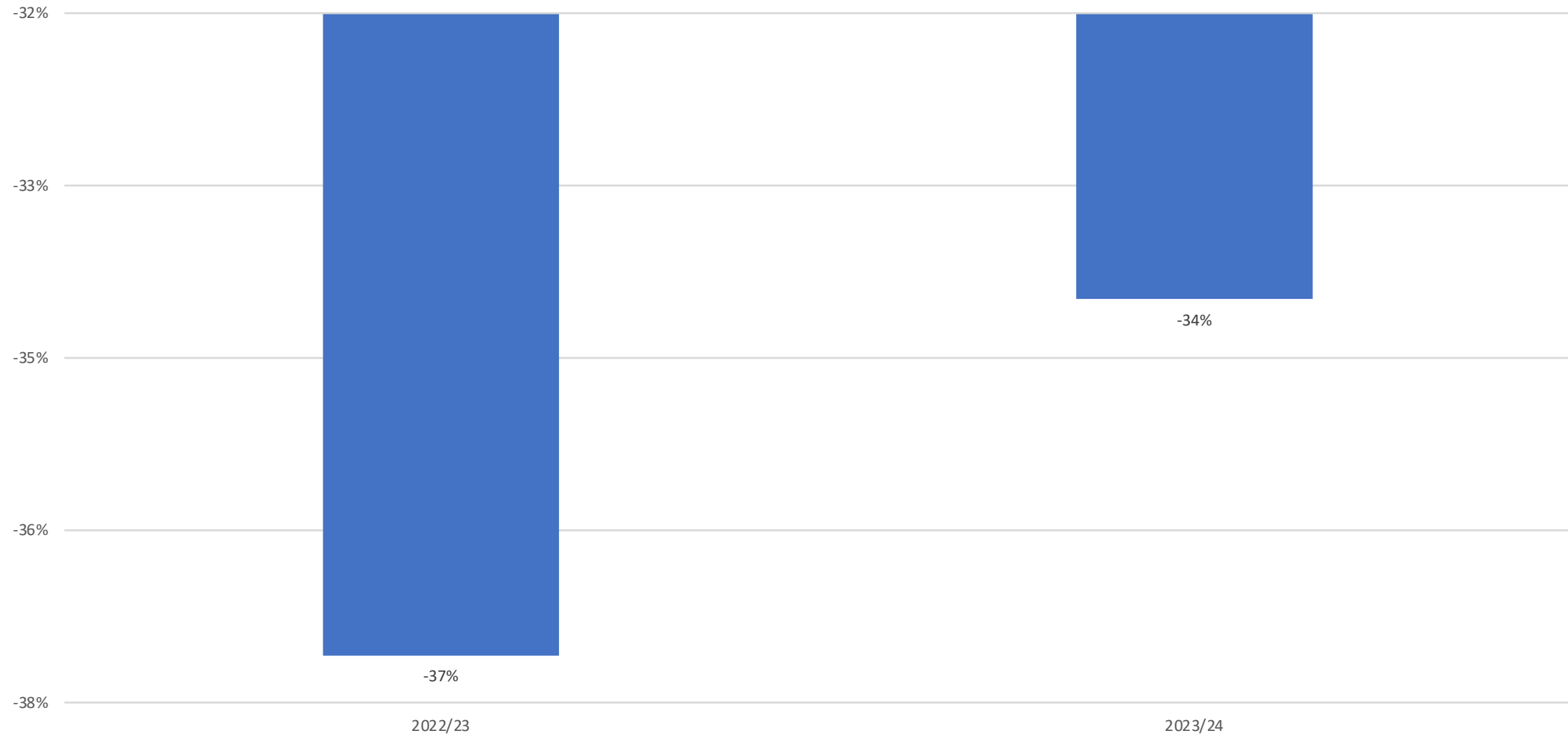
Source: National Treasury's Financial Statements FY 23/24
25/07/2023

Revenue Estimates as a % of Expenditure



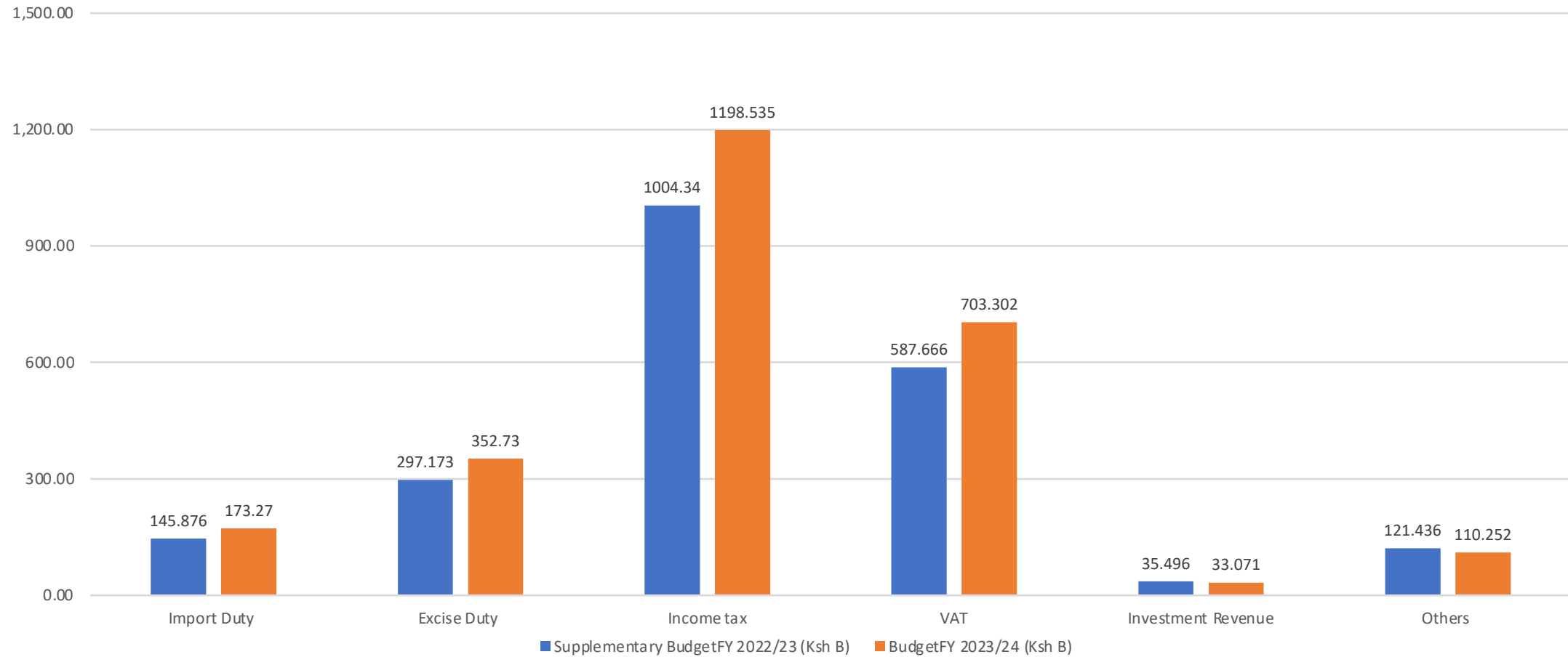
Source: *National Treasury's Financial Statements FY 23/24*

Deficit as a % of Expenditure FY 22/23-FY 23/24



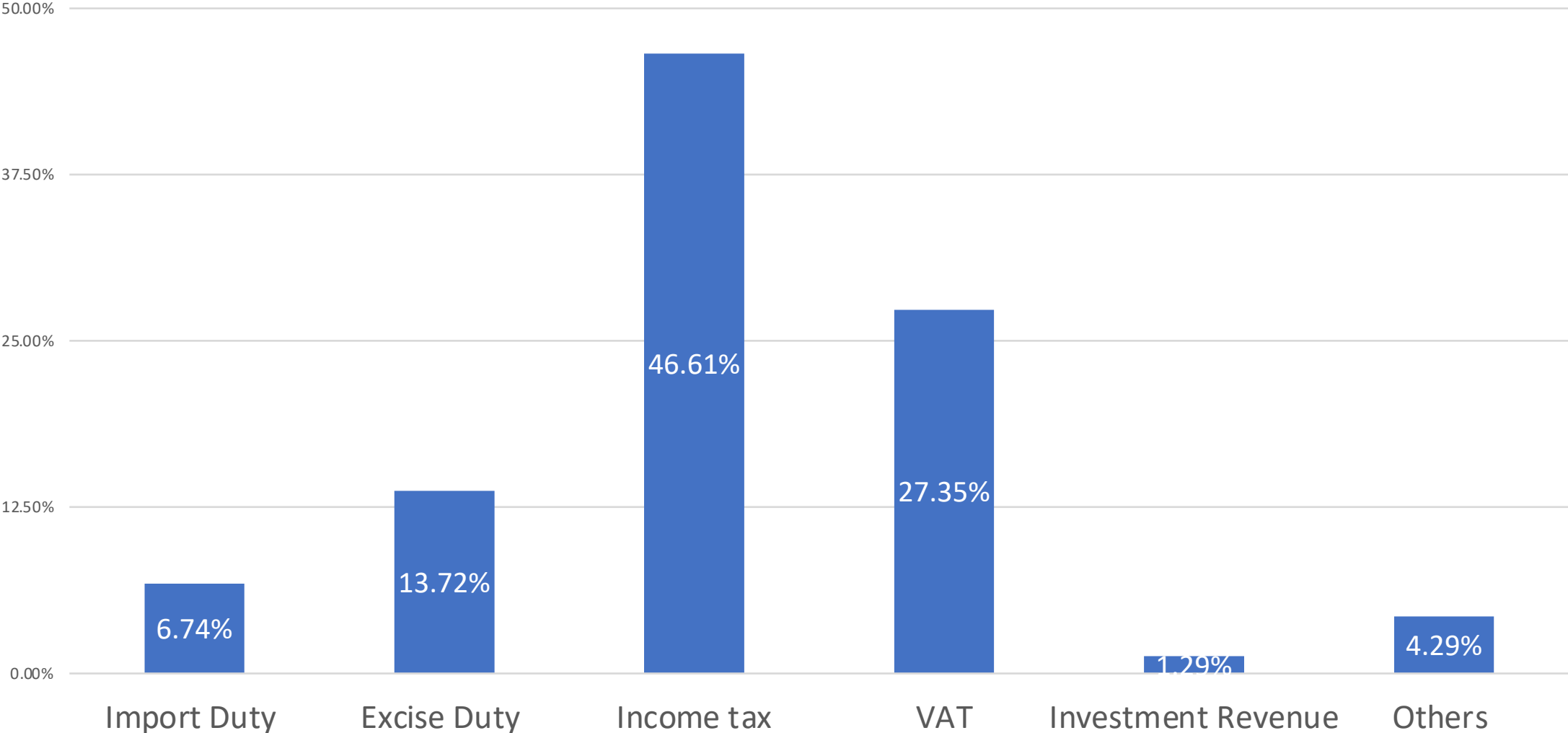
Source: *National Treasury's Financial Statements FY 23/24*

Breakdown of Revenue Projections FY 2023/24 in Ksh B



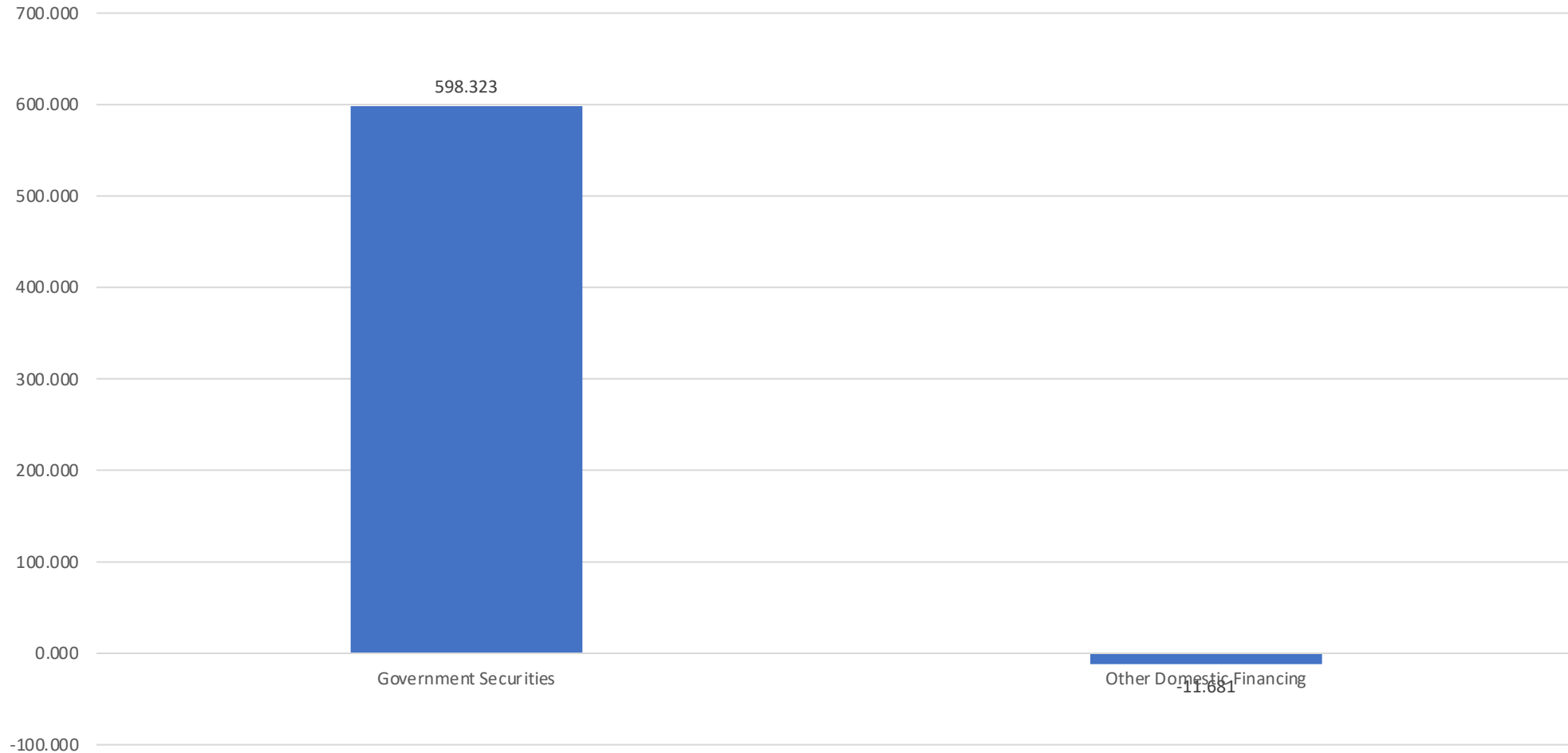
Source: *National Treasury's Financial Statements FY 23/24*

Revenue Stream Estimates as a % of Total Ordinary Revenue



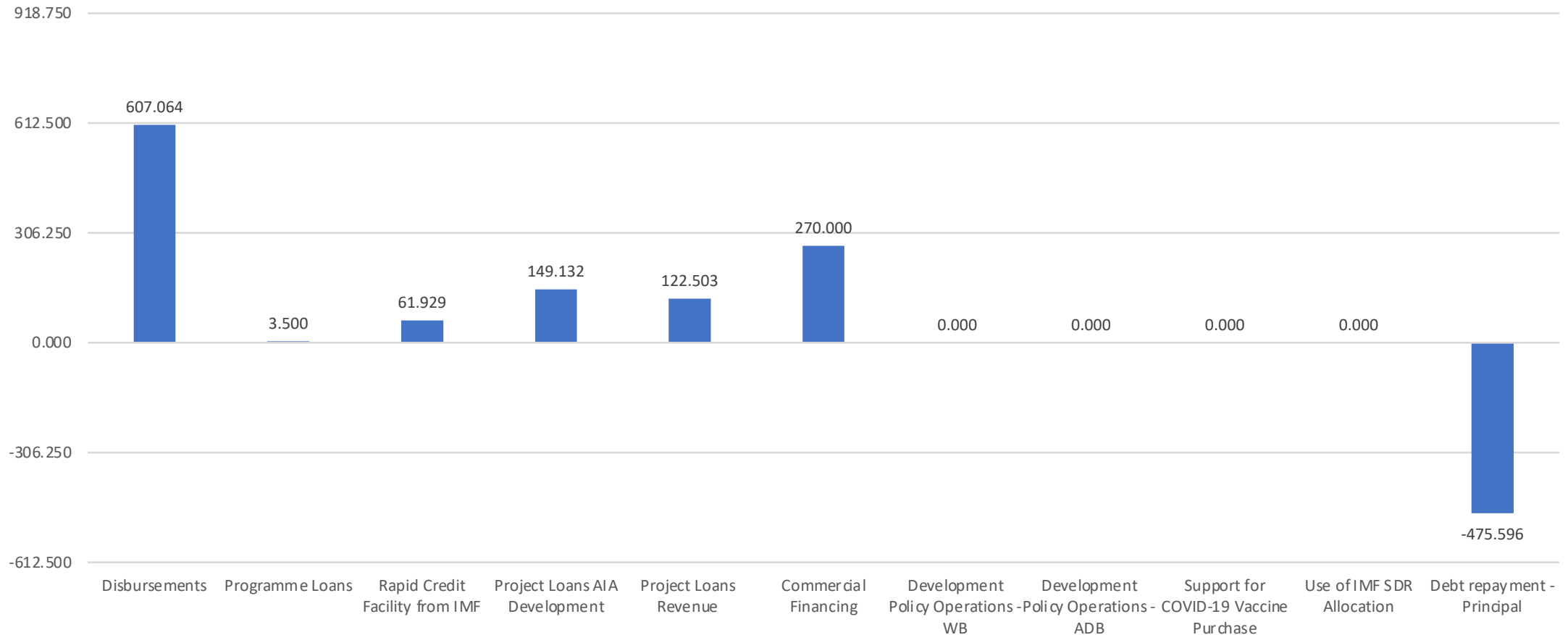
Source: *National Treasury's Financial Statements FY 23/24*

Net Deficit Financing in Ksh B : Domestic Financing-FY 23/24



Source: *National Treasury's Financial Statements FY 23/24*

Deficit Financing in Ksh B: Foreign Financing-FY 23/24



Source: National Treasury's Financial Statements FY 23/24

Revenue Performance for 2022/2023

KRA's Report Card

- Nominal revenue Increase from Ksh 1.58 T (2018/19), Ksh 2.031 T in 2021/2022, to 2.166 in 2022/2023
- Exchequer revenue Increased from Ksh 1.9 T in 2021/22 to Ksh 2.030 T in 2021/22
- This represents a growth rate of 6.9% against inflation of 8.78%

Decomposition

- Domestic Taxes growth of **8.5%** - **Ksh 1.481 T (95% of projections)**
- Customs taxes grew by **3.5%** - **Ksh 754.09 B**
- Special exemptions for food items moderate the growth

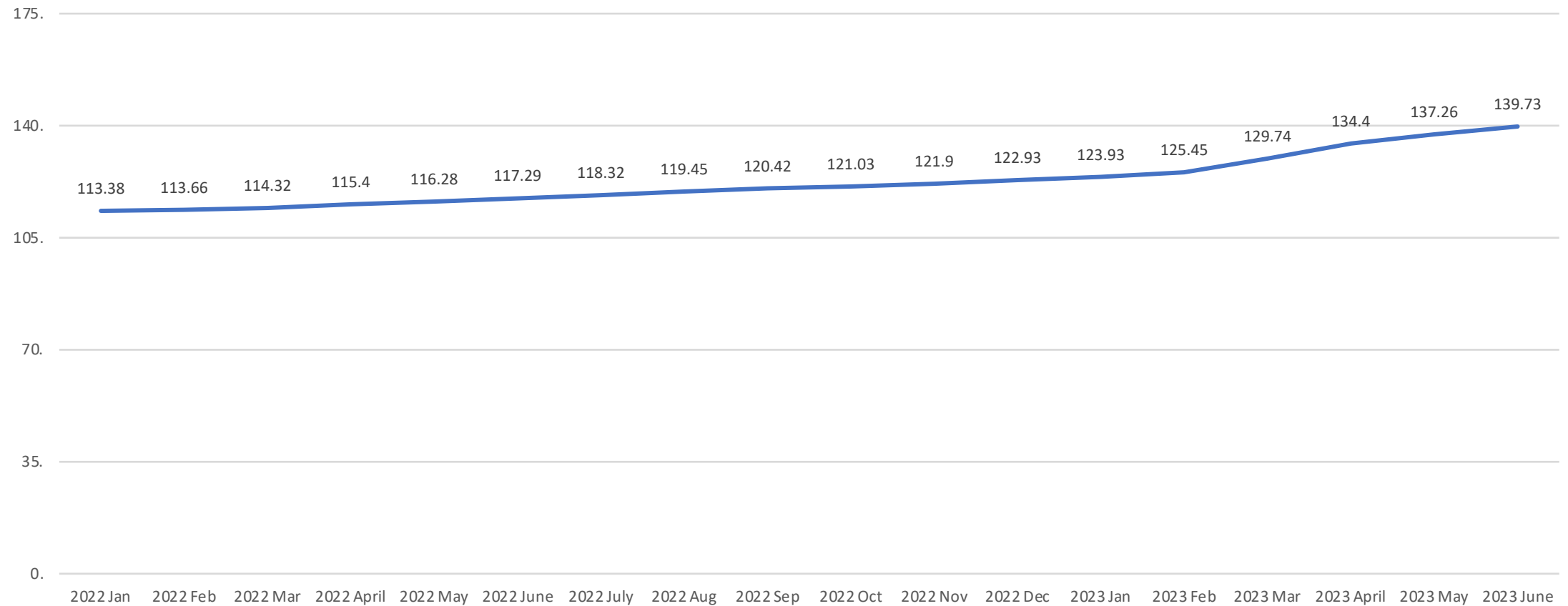
Tax Heads

- Excise Tax on betting - **116.2%** (**Ksh 6.54 B**) of target (**Ksh 5.715 B**)
- Domestic VAT: **11.3%** growth to **Ksh 272. 452 B**
- Corporation Tax : **9.0%** growth to **Ksh 263.819 B**
- PAYE : **7.2%** growth to **Ksh 494.979 B**
- Domestic Excise Tax: **2.8%** growth to **Ksh 68.124 B**

Drivers of Revenue Growth

- Expansion of Tax base -940,483 additional active taxpayers & Additional **Ksh 14.649 B**
- eTIMS onboarded 95,732 registered taxpayers
- Debt Collection from Non compliant Taxpayers raised additional **Ksh 99.272 B**
- Dispute resolution- **Ksh 71.836 B** from 7458 concluded cases

Kenyan Currency Depreciation against USD (Jan 2022 to June 2023)



Source: [Central Bank of Kenya](#)

Table 1: Change in Debt Servicing Costs

	Ksh B	US\$ B	Increment Ksh B
Interest	146.874	1.051	2.488
Principal	475.496	3.403	8.055

Thank You

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