

# PRESS RELEASE

5<sup>th</sup> September 2018

## STATEMENT ON VALUE ADDED TAX ON PETROLEUM PRODUCTS

Our attention has been drawn to reports appearing in sections of the print media that there is a plan by the Energy Regulatory Commission to raise fuel prices following an incorrect computation of the 16% VAT on petroleum products that came into effect on 1<sup>st</sup> September 2018.

The reports allege that the Commission's 1<sup>st</sup> September 2018 revision of pump prices erroneously subjected Oil Marketing companies' margins to the 16% VAT and that there is an impending review of pump prices due to the said error.

The Commission wishes to state the following:

1. That the imposition of the 16% Value Added Tax on petroleum products was done in close consultations with the National Treasury and that the prices released by the Commission on 1<sup>st</sup> September 2018 applied the VAT on the margins and levies correctly;
2. That the review is pursuant to the VAT Act of 2013 and Clause 31 of the Finance Act 2016 that imposes VAT on petroleum products with effect from 1<sup>st</sup> September 2018; and
3. That the 1<sup>st</sup> September 2018 review of maximum retail petroleum pump prices is accurate and that there will be no further reviews on petroleum products until 14<sup>th</sup> September 2018.

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