

Importation Guidelines

For Solar PV Products
and Systems in Kenya

**Africa
Clean
Energy**

Technical
Assistance
Facility

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Prosperity House, Westlands Road,
P.O. Box 4320, 00100, Nairobi, Kenya.
Tel: +254 (0)20 271 0485



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Glossary

Consolidation	Where an importer uses the services of a consolidator to bring in small consignments that would otherwise not fill a container individually.
Container Freight Station (CFS)	A facility where containers are loaded, unloaded or stored before being exported (in case of export) or picked by the owner (in case of import). They are assigned on a per vessel basis by the Kenya Ports Authority.
Customs	The official department at a port, airport, or frontier that administers and collects the duties levied by a government on imported goods.
Customs duties	These are taxes levied on goods upon their entry into the country (import duties) or on their exit from the country (export duties).
Customs entry	Refers to data entry in the customs system that then demands for the relevant tax due.
East African Community (EAC)	The Community established by the EAC Treaty of 1999, which is currently made up of Uganda, Kenya, Tanzania, Rwanda, Burundi and South Sudan.
East African Community Customs Management Act (EACCMA)	The Act of the East African Community that provides for the management and administration of customs and other related matters by partner states in the community.
East African Customs Union Protocol	Officially titled the Protocol on the Establishment of the East African Customs Union. It establishes the East African Community Customs Union within which non-tariff barriers are eliminated, a common external tariff in respect of all goods imported into the Community is applied, and customs duties are eliminated except for some specified circumstances.
Exemption from duty	Import duty is not charged on the goods specified when imported. The Fifth Schedule of the EAC Customs Management Act specifies the goods that are exempted from import duty subject to certain conditions being fulfilled.
HS codes	It is a multipurpose international product nomenclature developed by the World Customs Organization.
HS	Harmonised System.

Glossary

- Import documentation** ☀ Bill of Lading or Airway Bill – It evidences a contract of carriage of goods between a shipper and a carrier of goods being shipped into Kenya (ship or airline). The supplier will send the document to you after s/he has passed the goods onto the carrier for shipping and the carrier has acknowledged receipt.
-
- ☀ Certificate of Conformity (CoC) – It is a document given to exporters or importers to show that the goods bought or supplied meet the required standards. The supplier will send the relevant certificate to show that the goods comply with the local requirements.
-
- ☀ Certificate of Origin – This is a document indicating the country of origin of goods being exported to Kenya. It is issued by the exporting countries, designated authorities or agencies. The certificate ensures that goods originating in certain countries get the preferential treatment that they are entitled to, based on trade agreements.
-
- ☀ Commercial Invoice – This is a legal document between the supplier and the customer that clearly describes the sold goods, and the amount due on the customer. This document must be detailed as per the packing list, and must include the total cost of insurance and freight of the consignment.
-
- ☀ Customs Bond – This is a guarantee that the exporter to Kenya will faithfully abide by all laws and regulations governing the export of goods to Kenya. It guarantees that all customs duties and other charges assessed by Customs will be paid and that all trade procedures will be followed as set out in the laws of Kenya.
-
- ☀ Export Manifest – A detailed list of cargo being carried on board by a carrier, such as an aircraft or ship, showing the quantity, identifying marks, consignor and consignee of each item.
-
- ☀ Import Declaration Form (IDF) – This is a form that is prepared by the clearing agent and is required for all imports. It contains a summary of the information contained in the supporting documentation such as the invoice, the packing list, certificate of origin, the seller's and importer's names, addresses and related details.
-
- ☀ Letter of Credit – A specialised instrument of international trade designed to facilitate trade between exporters and importers. It is issued by a bank to the exporter at the request of a buyer or importer. It guarantees payment to the seller if the terms and conditions specified in the letter of credit are fulfilled.
-
- ☀ Packing List – This is a statement listing in detail, the contents of a particular package. It should show marks and number of packages, gross and net weights, measurements, and description of contents of each package.

Glossary

- Import documentation** ☀ Pre-shipment Inspection – Goods being exported to Kenya must be inspected before they leave the country of origin. Pre-shipment inspection determines the quality, quantity, value, duties and taxes applicable. The report or certificate issued should accompany the import clearance documents. Inspected before shipment or not, the Kenya Bureau of Standards (KEBS) has to inspect and certify the goods being imported before allowing their entry into Kenya.
-
- Separate consignments** Components or products shipped in multiple containers as separate entries.
-
- Single consignment** Components or products shipped in a single container, or components/products shipped in multiple containers but as part of a single entry.
-
- Supplier/commercial invoice** This is the invoice provided by the supplier for the goods sold. The invoice provides the details of the goods such as description of the goods, price and quantity.
-
- Unique Consignment Reference (UCR)** A unique reference number generated while filling the IDF.
-
- Value Added Tax Act** An Act of Parliament to review and update the law relating to value added tax; to provide for the imposition of value added tax on supplies made in, or imported into Kenya, and for connected purposes.
-
- Zero rate** Tariff rate at zero percent such as zero percent customs duty charged on the value of an imported product.

Abbreviations

CFS	Container freight station
CoC	Certificate of conformity
EAC	East African Community
EACCMA	East African Community Customs Management Act
HS	Harmonised System
IDF	Import declaration form
KEREA	Kenya Renewable Energy Association
KRA	Kenya Revenue Authority
PV	Photo-voltaic
SHS	Solar home system
UCR	Unique consignment reference
VAT	Value added tax

Foreword



" This initiative was proposed at the Kenya Renewable Energy Association (KEREA) meeting with the Kenya Revenue Authority (KRA) on 19th February 2019 at Hilton Hotel, Nairobi. KERA representing Solar Home System(SHS) companies as the industry association, informed KRA about the challenges its members were having due to the lack of clarity and inconsistencies within the importation process. Specifically the members were impacted by the inconsistent application of tax exemptions on certain solar powered equipment.

With the assistance of the Africa Clean Energy Technical Assistance Facility (ACE TAF), a consultative approach was taken to ensure that the experiences of the solar companies were captured for better understanding of the inconsistencies and errors and to seek clarity from KRA.

These solar importation guidelines will assist the SHS industry to have clarity on the procedure, requirements and qualification of exemption for both VAT and duty on solar products and systems imported into the country.

The guidelines will also benefit the industry by increasing predictability on the taxes to be paid at the port, leading to reduced costs and delays but also predictability on what price to charge the customers.

KERA will continue to engage with stakeholders to ensure that these guidelines remain current and relevant to its members.

A similar approach will be used to develop guidelines for solar water heaters where there is also lack of clarity on what is exempted and what is not exempted.

We conclude by thanking the Kenya Revenue Authority, the Ministry of Energy, Energy and Petroleum Regulatory Authority, KERA members and the Africa Clean Energy Technical Assistance Facility for making this project a success."

Kamal Gupta
Chairman August, 2019

Introduction

THE NEED FOR SOLAR PV IMPORTATION GUIDELINES

In Kenya, since 2013, there have been several revisions of the Value Added Tax (VAT) and Customs Management Acts vis-à-vis application of taxes and duties on solar PV modules, balance of system components and appliances designed for use on solar PV systems. This has resulted in varying requirements for solar PV companies in the completion of import declaration forms and application of taxes and duties depending on what is being imported e.g. solar lanterns, solar lighting systems, or different solar PV balance of system components. In addition, the interpretation of the Acts by customs officers at the Kenya Revenue Authority (KRA) regarding which solar systems qualify for exemptions has been varying.

This general lack of clarity in the importation processes, requirements and qualification for exemption has resulted in significant costs and delays for many solar PV companies. The inconsistent application of exemptions has affected product pricing and resulted in some companies gaining an unfair advantage, when they benefit from exemption while other companies do not for identical products or systems.

The purpose of these guidelines is to provide clarity to the solar PV industry (solar PV companies and clearing and forwarding agents (C&F)) on the importation process, requirements and qualifications for exemption for all relevant solar PV products in Kenya.

THE IMPORTATION PROCESS

To import means to bring or cause to be brought into the partner states from a foreign country in accordance with the provisions of Sec. 34 of the East Africa Community Customs Management Act (EACCMA) 2004; goods for importation shall be entered (declared) within 21 days after the

commencement of discharge or in the case of vehicles, on arrival.

The importer will need to acquire the services of a licensed customs clearing agent. A clearing agent is mandated to process the importation documents (refer to the glossary above) in the customs system and assist in clearing goods on behalf of the importer.

Taxes are payable depending on the value of the imported item(s) and the duty rate applicable as outlined under different legal documents as given below.

-  **Import duties** – Depending the item, the tax rates may be 0%, 10% or 25% as provided in the East Africa Community Common External Tariff (CET). However, sensitive items attract duty higher than 25%. The sensitive items are listed in Schedule 2 of the EAC Common External Tariff.
-  **Excise duties** – This depends on whether the imported item is excisable or not. The excise duty rates are prescribed in the Excise Duty Act 2015.
-  **Value Added Tax (VAT)** – The normal rate of VAT is 16%. However, the items exempted from VAT as provided by the VAT Act of 2013 attract a rate of 0%.
-  **Import declaration fees and Railway Development Levy (RDL)** – An import declaration fee of 2% and Railway Development Levy of 1.5% are levied on value of imports as provided by the Miscellaneous Fees and Levies Act of 2016.

When engaging a clearing agent, the importer should provide the importation documents to enable the agent to declare the goods being imported in the customs system (create an entry).

GOODS CLEARANCE PROCESS

This involves preparation and submission of documents required to facilitate imports into the country. The clearing agent represents the importer during customs examination, verification, payment of duty and delivery of cargo from customs after clearance. This process includes:

IDF Lodgement and Processing

The importer on obtaining the pro forma invoice engages a licensed clearing agent to lodge an Import Declaration Form (IDF). The importer then sends the IDF to the supplier for pre-shipment inspection.

Entry Declaration, Payment of Taxes and Processing

The appointed clearing agent makes a customs declaration and provides the importer with a payment slip. The importer makes the payment to the bank and issues the agent with the official bank slips. Customs then processes all compliant declarations.

Verification and other Enforcement Measures

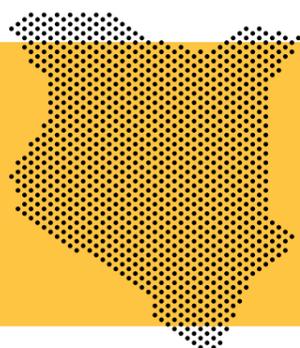
The agent should present the physical file at the customs station where the goods are domiciled for physical verification to be conducted.

Clearance and Release

Upon verification, all compliant declarations are cleared and released.



History of Import Duty and VAT Exemptions on Solar Products



IMPORT DUTY EXEMPTIONS

Historically, the East Africa Community Customs Management Acts 2004 (EACCMA, 2004) provided for import duty exemption of specialised solar powered equipment and accessories through the following wording:

“Specialised solar powered equipment and accessories including deep cycle batteries which use and/or store solar power.”

With effect from 1st July 2014, paragraph 26 of the Fifth Schedule to the EACCMA, 2004 was amended by the EACCMA, 2004 Legal Notice No. 23 of 20th June 2014 to state as follows:

“Specialised equipment for development and generation of solar and wind energy, including accessories, spare parts and deep cycle batteries which use and/or store solar power.”

The provision was again amended with effect from 1st July 2016 by the EACCMA, 2004 Legal Notice No.39 of 30th June 2016 which deleted the words “spareparts, and accessories” to read as follows:

“Specialised equipment for development and generation of solar and wind energy, including deep cycle batteries which use and/or store solar power.”

VAT EXEMPTIONS

Provisions similar to EACCMA 2004 have been included in Kenya’s legislation. The Fifth Schedule of the repealed Value Added Tax Cap 476 Revised Edition 2012 provided for zero-rating of specialised solar equipment and accessories that exclusively

use and/or store solar power.

In September 2013, the newly introduced Value Added Tax Act, 2013 (The Kenyan VAT Act, 2013) did not contain any provisions for VAT exemption or zero-rating of solar equipment and accessories. This meant that from 1st September 2013, imported solar equipment and accessories were subject to VAT at 16%.

In September 2014, the Kenyan VAT Act, 2013 was amended through the Finance Act, 2014 to include provisions relating to the VAT treatment of solar equipment and accessories as follows:

Item 45 of Part I of the First Schedule to the Kenyan VAT, Act 2013 provides VAT exemption on supply of “specialised solar equipment and accessories, including solar water heaters and deep cycle-sealed batteries which exclusively use or store solar power”.

Item 48 of the same schedule which introduced VAT exemption on “inputs or raw materials supplied to solar equipment manufacturers for manufacture of solar equipment or deep cycle- sealed batteries which exclusively use or store solar power as approved from time to time by the Cabinet Secretary for the National Treasury, upon recommendation by the Cabinet Secretary responsible for energy and petroleum.”

The Amendment to the Act though welcomed by the industry, lacked clarity on the scope of the exemption. The phrase “specialised solar equipment and accessories which exclusively use or store solar power” was open to subjective interpretation as technological innovation continued to introduce new solar equipment to the market that exclusively used solar power. The industry adopted a wider interpretation and considered equipment such as televisions, radios, refrigerators, water pumps and cookers exclusively powered by solar PV as covered by the exemption.

On the other hand, KRA adopted the interpretation that equipment that could ‘technically’ only be powered by solar PV could qualify for exemption, thereby excluding any equipment or accessories that could potentially be powered by the grid (e.g. solar fridges, solar lanterns with a USB charging port, etc.).

In September 2018, the first schedule to the Kenya VAT Act, 2013 amended item 45 by removing the word “accessories” thus limiting the scope of VAT exemption to “Specialised equipment for the development and generation of solar and wind

energy, including deep cycle batteries which use or store solar power.” The amendment harmonised the Kenya VAT exemption with the provisions of EACCMA, 2016. This effectively meant that accessories or appliances (e.g. television, radio, etc.), which use solar power would not qualify for exemption. Although this amendment of the VAT Act initially resulted in lanterns and solar lights attracting VAT and import duty, EAC further clarified through a letter to all EAC finance ministries that the spirit of the amendment was not intended to exclude basic lighting appliances from exemption.

Guidelines Development Methodology



Different companies import and sell products ranging from solar lanterns, complete solar lighting systems, complete solar home systems (that include appliances), individual solar PV modules and balance of system components to specialised solar PV equipment (e.g. solar refrigerators, solar street lights and solar pumps).

A representative sample of these solar PV companies importing solar PV products were interviewed and engaged for a period of two months to collate information on importation procedures and exemption application for commonly imported solar PV products and systems. The interviews targeted key personnel in the purchasing departments of solar PV companies and the companies' clearing and forwarding agents. These interviews sought to understand and document the importation procedures companies follow for different products, what works, what does not and identify 'grey areas'.

Based on the companies interviewed, the following solar PV products or system configurations were identified as the focus for the guidelines:

- 1 Solar lanterns
- 2 Solar lanterns with an integrated appliance (e.g. a radio)
- 3 Plug and play solar lighting system (complete kit)
- 4 Plug and play solar lighting system (complete kit with appliance integrated into the control unit)
- 5 Plug and play solar lighting system (incomplete kit) e.g. imported system does not include
- 6 Solar panels (which are either locally sourced or imported separately from a different supplier)
- 7 Component-based solar PV system (components in single consignment)
- 8 Component-based solar PV system (components in separate consignment)
- 9 Solar water pumping system.

These importation guidelines developed for a selected range of imported solar products and systems aims to help companies understand the correct processes, classification, tax and duty expectations, among other processes and procedures. It aims to increase predictability and subsequently reduce costs and delays for solar PV companies.

For each of the solar PV products or system configurations mentioned above, the guidelines include:

- 1 The product or system category i.e. the type of product or system being imported
- 2 A brief description of the system
- 3 Product or system sub-types considered under the category
- 4 Additional features of products or systems considered under this category
- 5 Illustrations of products or systems under the category
- 6 Shipping details – how the product or system is shipped e.g. as a single consignment from a single supplier or separate consignments from different suppliers
- 7 Packing details – how the system components are packed e.g. in a single box, in separate boxes within the same container, or in separate containers
- 8 Requirement for correlation of components to complete systems
- 9 HS classification for the different system components
- 10 Qualification for duty and VAT exemption for the different system components
- 11 Reason for non-exemption (if any)

1 Import documentation requirements – additional processes required when applying for exemption e.g. when a system includes both exempt and non-exempt components

2 Tariff rulings – binding administrative decisions issued by KRA e.g. with regard to tariff classification.

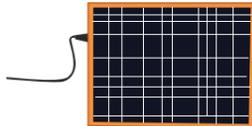
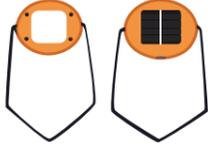
These guidelines are based on data collected, collated and synthesised from practical importation experiences of the companies interviewed. For validation, the guidelines were shared and discussed with KRA officers responsible for reviewing and approving exemptions to address errors and inconsistencies.

Note: This is envisioned to be a living document that will be updated, through a similar process, by the Kenya Renewable Energy Association (KREKA) when changes occur.



Solar Lanterns

Product or system category	Solar lantern
Description	Single light, solar panel, solar-powered system with built-in rechargeable battery and integrated control unit
Sub-types considered under this category	<ul style="list-style-type: none"> ○ Solar lantern with integrated solar panel ○ Solar lantern with non-integrated solar panel
Additional features considered under this category	<ul style="list-style-type: none"> ○ Solar lantern can be charged via USB ○ Includes secondary cables (USB type) for charging phones and/or a rechargeable torch ○ Includes rechargeable torch, charged from the lantern
Shipment details	Single consignment
Packing details	<ul style="list-style-type: none"> ○ System components packed in the same box ○ System components packed in separate boxes i.e. solar panels and solar lanterns packed separately
Requirement for correlation of components to complete systems	None

HS Classification		Qualification for Exemption		
Product/System		HS Code	Import Duty	VAT
Solar Panel		8541400000	Exempt	Exempt
Solar Lanterns <i>(non-integrated solar panels)</i>		9405400000/ 9405500000	Exempt	Exempt
Solar Lanterns <i>(integrated solar panels)</i>		9405400000/ 9405500000	Exempt	Exempt



Solar Lanterns

HS Classification		Qualification for Exemption		
Product/System		HS Code	Import Duty	VAT
Secondary Cables <i>(USB type)</i>		8544200000/ 8544490000	Non-Exempt	Non-Exempt
Rechargeable Torch		8513109000	Non-Exempt	Non-Exempt

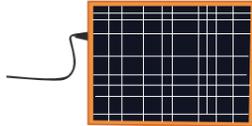
Non-exempt equipment is not for the development or generation of solar power or storage of solar energy as required under the EACCMA and VAT Acts

Important Documentation requirements:	Standard
Tariff Rulings:	In case of a dispute regarding HS classification, the importing company should apply for a tariff ruling



Solar Lanterns with Integrated Appliance (e.g. Radio)

Product or system category	Solar lantern with integrated appliance (e.g. radio)
Description	<ul style="list-style-type: none"> Single light, solar panel, solar powered system with built-in rechargeable battery and integrated control unit Appliance (e.g. radio) integrated into the control unit of the solar lantern
Sub-types considered under this category	<ul style="list-style-type: none"> Solar lantern with integrated solar panel Solar lantern with non-integrated solar panel
Additional features considered under this category	<ul style="list-style-type: none"> Solar lantern can be charged via USB Includes secondary cables (USB type) for charging phones and/or a rechargeable torch Includes rechargeable torch, charged from the lantern
Shipment details	Single consignment
Packing details	<ul style="list-style-type: none"> System components all packed in the same box System components packed in the separate boxes i.e. solar panels and solar lanterns packed separately
Requirement for correlation of components to complete systems	None

HS Classification		Qualification for Exemption		
Product/System	HS Code	Import Duty	VAT	
Solar Panel		8541400000	Exempt	Exempt
Solar Lanterns		9405400000/ 9405500000	Exempt	Exempt
Radio		9405400000/ 9405500000	Non-Exempt	Non-Exempt



Solar Lanterns with Integrated Appliance (e.g. Radio)

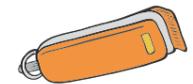
HS Classification		Qualification for Exemption		
Product/System	HS Code	Import Duty	VAT	
Secondary Cables (USB type)		8544200000/ 8544490000	Non-Exempt	Non-Exempt
Rechargeable Torch		8513109000	Non-Exempt	Non-Exempt
Reason for non-exemption	Non-exempt equipment is not for the development or generation of solar power or storage of solar energy as required under the EACCMA and VAT Acts			
Import documentation requirements	<ul style="list-style-type: none"> Option 1: Supplier provides separate invoices for exempt and non-exempt items (e.g. the radio). Importer submits 2 IDFs, 2 CoCs and 2 commercial invoices, one for exempt items and one for non-exempt items. Master bill of lading and two house bills of lading Option 2: System components broken down in the invoice and IDF. Mother UCR (Unique Consignment Reference) generated and used to pay for non-exempt items. Child UCR(s) generated under the mother UCR and used to apply for exemption. CoCs applied for with the same IDF but different UCRs (mother and child) 			
Tariff Rulings:	In case of a dispute regarding HS classification, the importing company should apply for a tariff ruling			



Solar Homesystem (Complete Kit)

Product or system category	Solar home system (complete kit)
Description	Solar powered lighting system comprising of a solar panel, multiple lights, rechargeable battery and control unit
Sub-types considered under this category	None
Additional features considered under this category	<ul style="list-style-type: none"> Control unit and battery can be separate or integrated Includes primary cables /interconnecting cables(i.e. panel to control unit and lights to the control unit) Includes secondary cables (i.e. USB cables for charging phones and rechargeable torch) Includes rechargeable torch charged from the system Solar lighting system can be charged via USB
Shipment details	<ul style="list-style-type: none"> Single consignment
Packing details	<ul style="list-style-type: none"> System components packed in the same box System components packed in separate boxes e.g. solar panels, lights, secondary cables, batteries and control units packed separately
Requirement for correlation of components to complete systems	Yes

HS Classification		Qualification for Exemption		
Product/System	HS Code	Import Duty	VAT	
Solar home system kit <i>(includes panel, control unit, lights and primary cables/interconnecting cables)</i> 	9405500000/ 9405400000	Exempt	Exempt	
Secondary Cables <i>(USB type)</i> 	8544200000/ 8544490000	Exempt	Exempt	
Rechargeable Torch 	8513109000	Exempt	Exempt	

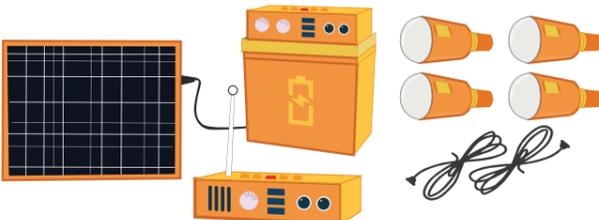
HS Classification		Qualification for Exemption		
Product/System	HS Code	Import Duty	VAT	
TV		8528599000	Non-Exempt	Non-Exempt
Radio		8527990000	Non-Exempt	Non-Exempt
Fan		8414590000	Non-Exempt	Non-Exempt
Hair Cutter		8510101000	Non-Exempt	Non-Exempt

Reason for non-exemption	Non-exempt equipment is not for the development or generation of solar power or storage of solar energy as required under the EACCMA and VAT Acts
Import documentation requirements	<ul style="list-style-type: none"> Option 1: Supplier provides separate invoices for exempt and non-exempt items (e.g. the radio). Importer submits 2 IDFs, 2 CoCs and 2 commercial invoices, one for exempt items and one for non- exempt items. Master bill of lading and two house bills of lading Option 2: System components broken down in the invoice and IDF. Mother UCR (Unique Consignment Reference) generated and used to pay for non-exempt items. Child UCR(s) generated under the mother UCR and used to apply for exemption. CoCs applied for with the same IDF but different UCRs (mother and child)
Tariff Rulings:	In case of a dispute regarding HS classification, the importing company should apply for a tariff ruling



Solar Home System (Complete Kit with Appliance Integrated into the Control Unit)

Product or system category	Solar home system (complete kit with appliance integrated into the control unit)
Description	<ul style="list-style-type: none"> ○ Solar powered lighting system comprising of a solar panel, multiple lights, a rechargeable battery and a control unit for the battery and the lights ○ Appliances (e.g. radio or TV) integrated into the control unit of the solar lighting system
Sub-types considered under this category	None
Additional features considered under this category	<ul style="list-style-type: none"> ○ Control unit and battery can be separate or integrated ○ Includes primary cables/interconnecting cables (i.e. panel to control unit and lights to the control unit) ○ Includes secondary cables (i.e. USB cables for charging phones and rechargeable torch) ○ Includes rechargeable torch charged from the system ○ Solar lighting system can be charged via USB
Shipment details	Single consignment
Packing details	<ul style="list-style-type: none"> ○ System components packed in the same box ○ System components packed in separate boxes e.g. solar panels, lights, secondary cables, batteries and control units packed separately
Requirement for correlation of components to complete systems	Yes

HS Classification		Qualification for Exemption		
Product/System	HS Code	Import Duty	VAT	
Solar home system kit <i>(includes panel, control unit, lights and primary cables)</i> 	9405500000	Exempt	Exempt	
Radio 	8528599000	Non-Exempt	Non-Exempt	
TV 	8544200000/ 8544490000	Non-Exempt	Non-Exempt	

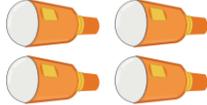
HS Classification		Qualification for Exemption		
Product/System	HS Code	Import Duty	VAT	
Secondary Cables <i>(USB type)</i> 	8513109000	Non-Exempt	Non-Exempt	
Rechargeable Torch 	8513109000	Non-Exempt	Non-Exempt	
Fan 	8414590000	Non-Exempt	Non-Exempt	
Hair Cutter 	8510101000	Non-Exempt	Non-Exempt	

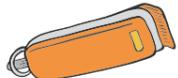
Reason for non-exemption	Non-exempt equipment is not for the development or generation of solar power or storage of solar energy as required under the EACCMA and VAT Acts
Import documentation requirements	<ul style="list-style-type: none"> ○ Option 1: Supplier provides separate invoices for exempt and non-exempt items (e.g. the radio). Importer submits 2 IDFs, 2 CoCs and 2 commercial invoices, one for exempt items and one for non- exempt items. Master bill of lading and two house bills of lading ○ Option 2: System components broken down in the invoice and IDF. Mother UCR (Unique Consignment Reference) generated and used to pay for non-exempt items. Child UCR(s) generated under the mother UCR and used to apply for exemption. CoCs applied for with the same IDF but different UCRs (mother and child)
Tarrif Rulings:	In case of a dispute regarding HS classification, the importing company should apply for a tariff ruling



Solar home system (incomplete kit)

Product or system category	Plug and play solar lighting system (incomplete kit)
Description	Solar powered lighting system comprising of a solar panel, multiple lights, a rechargeable battery and a control unit for the battery and the lights.
Sub-types considered under this category	Imported system does not include solar panels (which are either locally sourced or imported separately from a different supplier)
Additional features considered under this category	<ul style="list-style-type: none"> Control unit and battery can be separate or integrated Includes primary cables/interconnecting cables (i.e. panel to control unit and lights to the control unit) Includes secondary cables (i.e. USB cables for charging phones and rechargeable torch) Includes rechargeable torch charged from the system Solar lighting system can be charged via USB
Shipment details	Single consignment
Packing details	<ul style="list-style-type: none"> System components all packed in the same box System components packed in the separate boxes e.g. solar panels, lights, secondary cables, batteries and control units packed separately
Requirement for correlation of components to complete systems	None

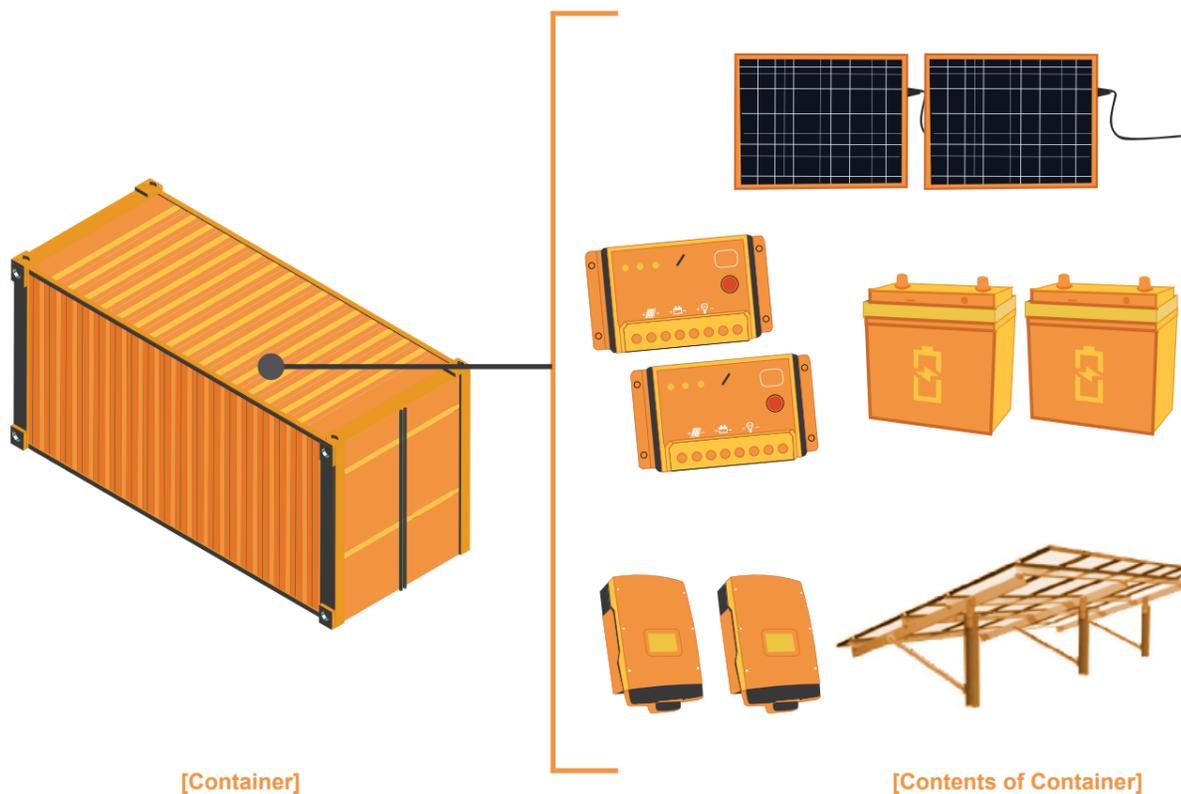
HS Classification		Qualification for Exemption		
Product/System		HS Code	Import Duty	VAT
Battery Control Unit		9505400000/ 9032890000/ 8514900000	Exempt	Exempt
Radio		8528599000	Non-Exempt	Non-Exempt
Rechargeable Torch		8513109000	Non-Exempt	Non-Exempt
Primary cables		8544200000	Non-Exempt	Non-Exempt
Secondary Cables (USB type)		8513109000	Non-Exempt	Non-Exempt

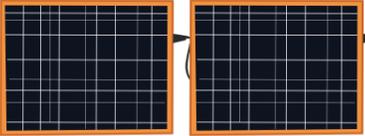
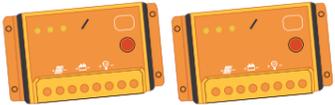
HS Classification		Qualification for Exemption		
Product/System		HS Code	Import Duty	VAT
TV		8544200000/ 8544490000	Non-Exempt	Non-Exempt
Fan		8414590000	Non-Exempt	Non-Exempt
Hair Cutter		8510101000	Non-Exempt	Non-Exempt
Reason for non-exemption	Not a complete kit			
Import documentation requirements	<ul style="list-style-type: none"> Option 1: Supplier provides separate invoices for exempt and non-exempt items (e.g. the radio). Importer submits 2 IDFs, 2 CoCs and 2 commercial invoices, one for exempt items and one for non-exempt items. Master bill of lading and two house bills of lading Option 2: System components broken down in the invoice and IDF. Mother UCR (Unique Consignment Reference) generated and used to pay for non-exempt items. Child UCR(s) generated under the mother UCR and used to apply for exemption. CoCs applied for with the same IDF but different UCRs (mother and child) 			
Tariff Rulings:	In case of a dispute regarding HS classification, the importing company should apply for a tariff ruling			



Component-based solar PV system (components in single consignment)

Product or system category	Component-based solar PV system (components in single consignment)
Description	Solar panels, charge controllers, deep cycle batteries and inverters that can be combined into solar PV systems of different configurations for different applications
Sub-types considered under this category	None
Additional features considered under this category	None
Shipment details	<ul style="list-style-type: none"> Single consignment (e.g. components shipped in single container or components shipped in multiple containers but as part of a single consignment) System components packed in separate boxes e.g. solar panels, charge controllers, deep cycle batteries and inverters packed separately in the same container. Different system components packed in separate containers
Requirement for correlation of components to complete systems	No

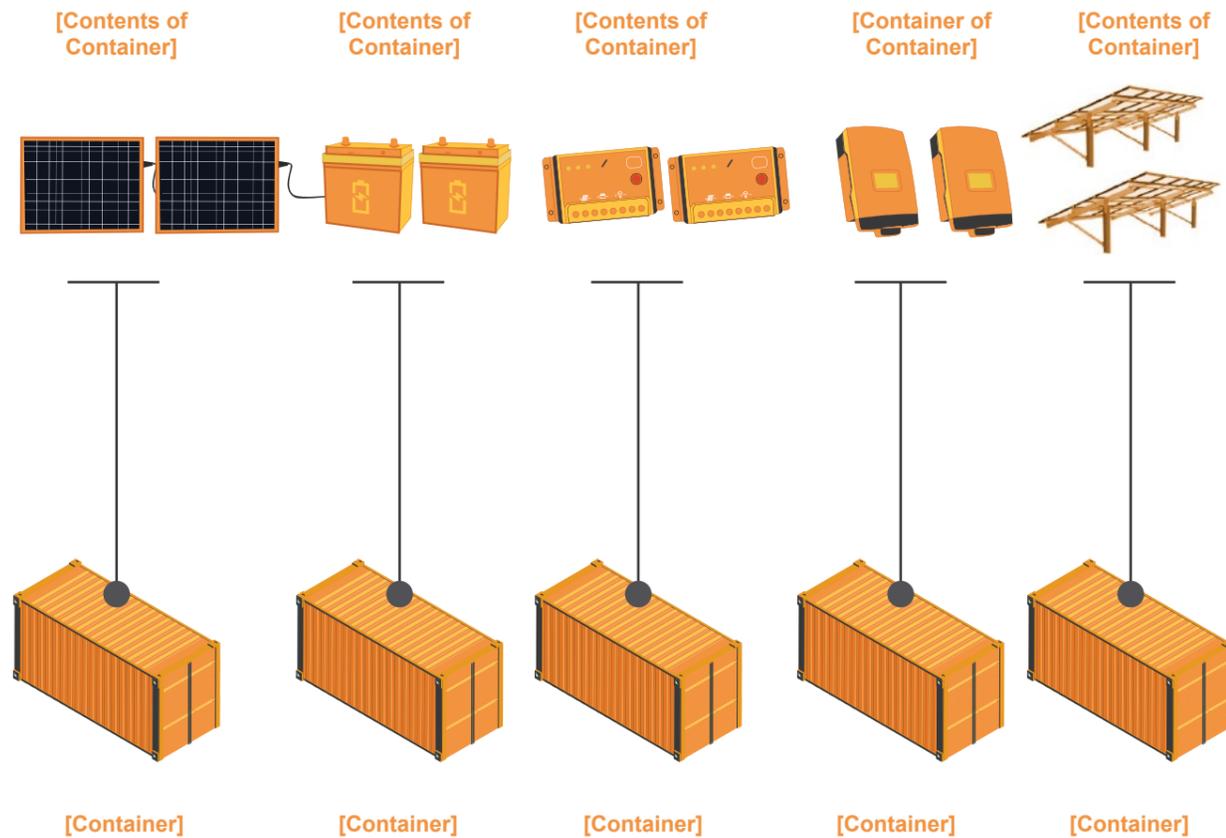


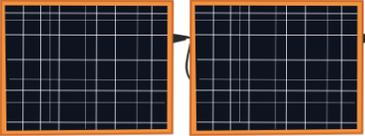
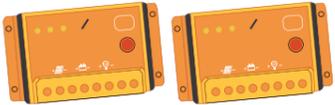
HS Classification		Qualification for Exemption		
Product/System	HS Code	Import Duty	VAT	
Solar panels	 8541400000	Exempt	Exempt	
Charge controllers	 9032890000/ 8537100000	Exempt	Exempt	
Deep cycle batteries	 8507800000/ 8507200000	Exempt	Exempt	
Inverters	 8504400000	Exempt	Exempt	
Specialized solar module mounting structures (for large systems)	 7610900000	Non-Exempt	Non-Exempt	
Reason for non-exemption	Non-exempt equipment is not for the development or generation of solar power or storage of solar energy as required under the EACCMA and VAT Acts			
Import documentation requirements	Standard			
Tariff Rulings:	In case of a dispute regarding HS classification, the importing company should apply for a tariff ruling			



Component-based Solar PV System (Components in Separate Consignments)

Product or system category	Component-based solar PV system (components in separate consignments)
Description	Solar panels, charge controllers, deep cycle batteries and inverters that can be combined into solar PV systems of different configurations for different applications
Sub-types considered under this category	None
Additional features considered under this category	None
Shipment details	Separate consignments (e.g. components shipped in multiple containers as separate consignments from different suppliers)
Packing details	None
Requirement for correlation of components to complete systems	No

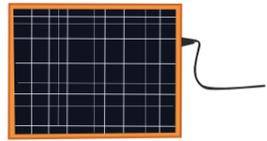
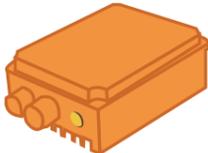


HS Classification		Qualification for Exemption		
Product/System	HS Code	Import Duty	VAT	
Solar panels	 8541400000	Exempt	Exempt	
Charge controllers	 9032890000/ 8537100000	Exempt	Exempt	
Deep cycle batteries	 8507800000/ 8507200000	Exempt	Exempt	
Inverters	 8504400000	Exempt	Exempt	
Specialized solar module mounting structures <i>(for large systems)</i>	 7610900000	Non-Exempt	Non-Exempt	
Reason for non-exemption	Non-exempt equipment is not for the development or generation of solar power or storage of solar energy as required under the EACCMA and VAT Acts			
Import documentation requirements	Standard			
Tariff Rulings:	In case of a dispute regarding HS classification, the importing company should apply for a tariff ruling			



Solar water pumping systems

Product or system category	Solar water pumping systems
Description	None
Sub-types considered under this category	Solar panels and solar powered surface or submersible pumps with or without control unit
Additional features considered under this category	<ul style="list-style-type: none"> AC Solar pumps DC Solar pumps
Shipment details	<ul style="list-style-type: none"> Single consignment System components packed in the separate boxes e.g. Solar panels, pumps and control unit packed separately in the same container
Packing details	None
Requirement for correlation of components to complete systems	None

Product/System	HS Code	Qualification for Exemption	
		Import Duty	VAT
Solar panels 	8541400000	Exempt	Exempt
Charge controllers 	9405400000/ 9405500000	Exempt	Exempt
Solar Pump 	8413700000	Non-exempt	Non-exempt

Reason for non-exemption	Non-exempt equipment is not for the development or generation of solar power or storage of solar energy as required under the EACCMA and VAT Acts
Import documentation requirements	Standard
Tariff Rulings:	In case of a dispute regarding HS classification, the importing company should apply for a tariff ruling

Africa Clean Energy Technical Assistance Facility (ACE TAF)

Coffey International Development leads the implementation of the Africa Clean Energy Technical Assistance Facility together with several key partners. Coffey is responsible for the programme set-up, leadership and overall management taking an inclusive and collaborative approach ensuring that we engage partners throughout the implementation of the programme.



Importation Guidelines

For Solar PV Products
and Systems in Kenya

ACE TAF PARTNERS INCLUDE:



STRATEGIC PARTNER:



Fourth Floor, Prosperity House,
Westlands Rd, Nairobi Kenya.



+254 020 2710484/5

www.ace-taf.org
www.coffeyeurope.com