



Customer Advisory

18.07.2025

Dear Valued Customers

Subject: Notification on Withholding Tax Deduction

“The Finance Act 2025, assented into law on 26th June 2025, introduces a new paragraph under Section 35(1)(u) of the Income Tax Act (Cap 470), which states:

“(u) gains or profits which are chargeable to tax under section 9(1) derived from the business of a ship owner or charterer”

This amendment brings shipping income earned by non-resident shipping companies from cargo or passengers embarked in Kenya into the withholding tax (WHT) regime, thereby placing a WHT obligation on **Kenyan customers** making **freight (shipping) payments for exports from Kenya and Detention and Demurrage (DnD) charges** to such non-resident shipping companies”

Effective immediately, a **Withholding Tax of 2.5%** is applicable on demurrage fees payable to our company. In line with this requirement, we kindly request:-

- Customers to **withhold tax when making payments to EMIRATES SHIPPING LINE**, irrespective of the bank account used; and
- **No WHT should be withheld against Blue Funnel Ltd**, as it is not the recipient of the shipping income nor the service provider.

Attach a copy of the **Withholding Tax Certificate** issued by KRA for the amount deducted and the net payment (demurrage amount less WHT) should then be remitted to our local bank account as usual.

We appreciate your cooperation and continued partnership. Should you require any clarification or a detailed guideline, please do not hesitate to contact our finance team on **finance@blue-funnel.com**

Thank you.

Management.

Blue Funnel Limited.