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CORPORATE · GUIDE

Entering the Kenyan Market: A Guide for International Businesses

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YOUR CONTACT

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Kenya is East Africa's main commercial hub and a common base for regional operations. Setting up well means choosing the right vehicle, getting registered before trading, and putting group arrangements in writing from the start.

KEY POINTS

- Most investors use a locally incorporated subsidiary.
- A foreign company carrying on business in Kenya must register; trading first creates risk.
- Sector licences, tax registration and work permits all need to be in place before operations begin.

1. Choose the vehicle

OPTION	HOW IT WORKS	BEST FOR
Subsidiary	A Kenyan private company limited by shares, which can usually be wholly foreign-owned. It is a separate legal entity, so liability stays with it.	Most operating businesses, including manufacturing, education and technology
Branch	The foreign company registers in Kenya and trades directly. The parent is fully liable for the branch.	Short-term projects or where regulators require it
Distributor or franchisee	A Kenyan business sells your products or runs your brand under contract. You have no Kenyan entity.	Testing the market with lower cost and risk
Offshore supply	You serve a Kenyan business from abroad. Whether this amounts to carrying on business in Kenya turns on the facts.	Wholesale or business-to-business services

Some sectors restrict foreign ownership, including insurance and private security, and non-citizens can hold land only on leasehold of up to 99 years. Check these before settling the structure.

2. Incorporating a subsidiary

To incorporate, we typically need:

The company. Three proposed names in order of preference, the share capital, and the registered office address in Kenya.

The parent. Certificate of incorporation, constitution, registers of directors and shareholders, and a group chart showing the ultimate beneficial owners. Documents issued abroad must be notarised, and legalised or apostilled as required.

The directors. Full particulars for each director, at least one of whom must be a natural person.

Beneficial ownership. Details of the individuals who ultimately own or control the company, which are filed with the Registrar.

3. Registrations before trading

Tax. A KRA PIN, and registration for VAT, PAYE and other taxes as they apply.

Employer obligations. NSSF, SHIF and the Affordable Housing Levy once staff are hired.

County permits. A business permit for each location, and planning approval for premises.

Data protection. Registration with the Data Commissioner where your activities require it.

Sector licences. For example, KEBS standards and NEMA approval for manufacturing plants, Ministry of Education registration for schools, and CMA or Central Bank licensing in financial services.

4. People

Foreign staff need work permits before they start, and investors may qualify for their own permit class. Plan for dependants' passes and allow time for processing.

5. Group arrangements

Intercompany agreements. Put management services, IP licences, loans and cost sharing in writing between group companies.

Transfer pricing. Charges between related companies must be at arm's length and supported by documentation.

Payments abroad. Fees for services, royalties and interest paid to non-residents often attract Kenyan withholding tax, so allocate it in the contract.

Distribution and franchise agreements. Set territory, exclusivity, performance targets, brand controls and exit terms.

6. Sector notes

SECTOR	WHAT TO PLAN FOR
Manufacturing	Product standards, environmental approval for the plant, county permits and incentives such as special economic zones.
Education	Registration of the institution with the relevant education regulator, premises approvals and child safeguarding.
Technology	Data protection, communications licensing where relevant, and AI governance as Kenya's AI policy develops.
Agriculture	Restrictions on non-citizens holding agricultural land, Land Control Board consents and crop-specific regulation.
Real estate	Leasehold limits for non-citizens, planning and environmental approvals, and the Nairobi Development Control Policy.
Financial services	Capital Markets Authority or Central Bank licensing, anti-money laundering compliance and cross-border arrangements.

7. Staying compliant after set-up

OBLIGATION	WHEN
Annual return to the Registrar of Companies	Every year
Changes to directors, shareholders or beneficial owners	Filed promptly after each change
Tax returns and withholding tax remittances	Monthly and annually, as each tax requires
County business permits	Renewed every year
Data protection registration	Renewed every two years where registration is required
Sector licences and work permits	Renewed before they expire, on each licence's own cycle

COMMON MISTAKES WE SEE

- Trading before the company or branch is registered.
- Group charges with no intercompany agreement behind them.
- Overlooking withholding tax on payments to the parent or suppliers abroad.
- Executives starting work before permits are issued.

TALK TO US

Every situation is different. This is where we get specific to yours.

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