



**THE REPUBLIC OF KENYA**

LAWS OF KENYA

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**THE SECOND-HAND MOTOR VEHICLES PURCHASE TAX ACT**

CAP. 484

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Kenya

## Second-hand Motor Vehicles Purchase Tax Act

Cap. 484

Legislation as at 31 December 2022

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# SECOND-HAND MOTOR VEHICLES PURCHASE TAX ACT

## CAP. 484

Assented to on 7 August 1963

Commenced on 13 August 1963

[Amended by [Kenya \(Amendment of Laws\) \(Written Laws\) Order, 1963 \(Legal Notice 2 of 1964\)](#) on 7 January 1964]

[Amended by [Statute Law \(Miscellaneous Amendments\) Act, 1967 \(Act No. 9 of 1967\)](#) on 21 April 1967]

[Amended by [Second-hand Motor Vehicles Purchase Tax](#)

[\(Amendment\) Act, 1968 \(Act No. 23 of 1968\)](#) on 1 January 1968]

[Amended by [Finance Act, 1972 \(Act No. 10 of 1972\)](#) on 16 July 1972]

[Amended by [Finance Act, 1976 \(Act No. 11 of 1976\)](#) on 18 June 1976]

[Amended by [Finance Act, 1979 \(Act No. 13 of 1979\)](#) on 8 June 1979]

[Amended by [Finance Act \(No. 3\), 1982 \(Act No. 14 of 1982\)](#) on 18 June 1982]

[Amended by [Finance Act, 1985 \(Act No. 8 of 1985\)](#) on 14 June 1985]

[Amended by [Finance Act, 1988 \(Act No. 10 of 1988\)](#) on 17 June 1988]

[Amended by [Finance Act, 1996 \(Act No. 8 of 1996\)](#) on 18 June 1996]

[Amended by [Finance Act, 2002 \(Act No. 7 of 2002\)](#) on 13 June 2002]

[Revised by [24th Annual Supplement \(Legal Notice 221 of 2023\)](#) on 31 December 2022]

**An Act of Parliament to provide for the imposition of a tax on the purchase of certain second-hand motor vehicles and second-hand trailers**

### 1. Short title

This Act may be cited as the Second-hand Motor Vehicles Purchase Tax Act.

### 2. Interpretation

In this Act—

"motor vehicle" means any mechanically propelled vehicle and includes a trailer, that is to say any vehicle designed to be drawn by a motor vehicle, but does not include—

- (a) vehicles running on a specially prepared way such as a railway or tramway or vehicles deriving their power from overhead electric power cables;
- (b) vehicles constructed as aircraft crash tenders, ambulances, hearses, mobile clinics, refuse disposal or street cleansing vehicles, self-propelled invalid chairs, tower wagons or travelling libraries;
- (c) tractors, including track-laying tractors, winches, pulleys, shovels, grabs, scrapers, dozers, log or pipe handlers, cranes, booms, drag-lines, hoes or similar appliances;
- (d) stone crushers, road rollers, compactors, graders, spreaders, scrapers, scarifiers, sweepers, sprayers, gritters, levellers, excavators, rooters, rippers, bull-dozers, trenchers, ditchers, mechanical shovels, concrete mixers, soil stabilisation mixers and pulverizers or dumpers;
- (e) trailers specially designed for attachment to or for conveyance of the tractors, vehicles and mobile machinery specified in paragraphs (c) and (d);
- (f) sidecars attached to motorcycles; or

- (g) any vehicles declared under the Traffic Act ([Cap. 403](#)) not to be motor vehicles for the purposes of that Act:

Provided that, for the purposes of paragraph (c), "tractor" does not include a motive unit designed for use with a semi-trailer as an articulated vehicle;

"Registrar of Motor Vehicles" means the person so appointed under section 3 of the Traffic Act (Cap. 403);

"second-hand", in relation to a motor vehicle, means that the motor vehicle has already been registered under Part II of the Traffic Act (Cap. 403) or under the corresponding law of some other country.

### 3. Imposition of purchase tax

- (1) Any person who buys a second-hand motor vehicle shall pay a purchase tax in respect of that purchase.
- (2) The purchase tax shall be at the rate specified in the Schedule, according to the type of motor vehicle purchased.
- (3) The purchase tax shall be paid by the purchaser, within fourteen days of the date of the purchase, to the Registrar of Motor Vehicles or a person appointed by him in writing for that purpose.

[Act [No. 9 of 1967](#), Sch.]

#### 3A. Dealers to be licensed

- (1) No person shall carry on the business of buying and selling second-hand motor vehicles unless he holds a licence to do so, issued by the Registrar of Motor Vehicles.
- (2) A fee of two thousand five-hundred shillings shall be payable for a licence under subsection (1):  
Provided that no fee shall be payable by a person who holds a dealer's general licence issued under section 23(1) of the Traffic Act ([Cap. 403](#)).
- (3) A licence under subsection (1) shall be valid for a period of one year from the date of issue.
- (4) Any person who contravenes subsection (1) shall be guilty of an offence and liable to a fine not exceeding one thousand shillings.

[Act [No. 23 of 1968](#), s. 2, Act [No. 13 of 1979](#), s. 9, Act [No. 14 of 1982](#), s. 27, Act [No. 8 of 1985](#), s. 22, Act [No. 10 of 1988](#), s. 41.]

### 4. Purchases by dealers

- (1) Where a person holding a licence under [section 4](#) carries on the business of buying and selling second-hand motor vehicles and buys a second-hand motor vehicle in the course of that trade for the purpose only of resale (other than resale by way of hire-purchase), purchase tax shall not be payable in respect of that purchase.
- (2) A person holding a licence under [section 3A](#) of this Act shall inform the Registrar of Motor Vehicles in writing, in such form (if any) as may be prescribed—
  - (a) of every purchase of a second-hand motor vehicle which he buys in the circumstances mentioned in that subsection; and
  - (b) of the resale of a vehicle which he has so bought, with the name and address of the purchaser, within seven days after the purchase or resale, as the case may be, and if he fails to do so the Registrar of Motor Vehicles may cancel his registration.

[Act [No. 9 of 1967](#), Sch., Act [No. 23 of 1968](#), s. 3.]

## 5. Hire-purchase

Where a person carrying on hire-purchase business buys a motor vehicle and then hires it to another person under a hire-purchase agreement, then if that other person buys the vehicle in exercise of the option contained in the hire-purchase agreement, purchase tax shall not be payable by that other person in respect of that purchase.

## 6. Recovery of tax

Purchase tax payable under this Act shall be a civil debt due to the Government from the person by whom it is payable, and, without prejudice to any other means of recovery, shall be a civil debt recoverable summarily.

## 7. Transfer of motor vehicle not to be registered until tax paid

Where a second-hand motor vehicle is purchased, the Registrar of Motor Vehicles shall refuse to register the purchaser as the owner thereof under section 9 of the Traffic Act ([Cap. 403](#)) until the purchase tax payable in respect of the purchase has been paid, but such refusal shall not exempt any person from compliance with subsection (1) of that section.

## 8. Regulations

The Cabinet Secretary may make regulations prescribing anything which under this Act may be prescribed, and generally for the better carrying out of the purposes and provisions of this Act.

### SCHEDULE [s. 3(2)]

#### RATES OF PURCHASE TAX

[Act [No. 13 of 1979](#), s. 9, Act [No. 14 of 1982](#), s. 27, Act [No. 8 of 1985](#), s. 22, Act [No. 10 of 1988](#), s. 41, Act [No. 8 of 1996](#), s. 61, Act [No. 7 of 2002](#), s. 53.]

	<i>Old Rates Ksh.</i>	<i>New Rates Ksh.</i>
A. A motor vehicle with four wheels or more and with an engine capacity-		
(a) not exceeding 1000 cc.....	900	1,035
(b) exceeding 1000 cc but not exceeding 1200 cc.....	1,100	1,265
(c) exceeding 1200 cc but not exceeding 1500 cc.....	1,250	1,440
(d) exceeding 1500 cc but not exceeding 1700 cc.....	1,550	1,785
(e) exceeding 1700 cc but not exceeding 2000 cc.....	1,800	2,070
(f) exceeding 2000 cc but not exceeding 2500 cc.....	2,800	3,220

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	(g) exceeding 2500 cc but not exceeding 3000 cc.....	3,850	4,430
	(h) exceeding 3000 cc.....	4,600	5,290
B.	A trailer with less than four wheels.....	350	405
C.	A trailer with four wheels or more.....	1,100	1,265