**Advantages of Kenya company registration**

1. Tax exemption through Export Processing Zones

* A Kenya company formation benefits from seven [Export Processing Zones](http://www.epzakenya.com/) (EPZ) which offer export-oriented foreign companies 10 year tax exemption. The seven free zones are Nairobi, Athi River, Port of Mombasa, Kalifi, Malindi, Voi, and Kimwarer;
* Specifically, an EPZ enjoys i) a 10 year corporate income tax holiday ii) 10 year withholding tax holiday on repatriation of funds iii) indefinite exemption from VAT and customs import duty and stamp duty;
* Kenya company registration in EPZ allows the benefit of no exchange controls with easy repatriation of capital and profits, access to foreign currency accounts and domestic and offshore borrowing. Investment by foreigners in the Kenya business incorporation EPZ is unrestricted;
* Any Kenya business setup registered within an EPZ is exempt from all licensing requirements, with only a single EPZ license required to conduct business. The Kenya business incorporation EPZA also fast tracks any EPZ projects, ensuring approval and licensing within 30 days;
* The Kenya EPZs offer excellent export infrastructure, with ample amounts of serviced land and ready factory buildings. In addition, Zone developers provide 24 hour security, street lighting and landscaping. Office premises are also available for lease in most zones.

2. The preferred Eastern and Central African location

* Company documents are mostly available in English which makes company registration simple by saving translation costs and time;
* Kenya business setup allows easy availability of capital as Kenya is ranked as the 12th easiest in the world for obtaining credit in the [2013 Ease of Doing Business](http://www.doingbusiness.org/rankings);
* Nairobi is the undisputed transportation hub of Eastern and Central Africa and the Port of Mombasa is the largest port in the region. The transportation infrastructure is superb, with high quality railways, airports, ports and roads, and further improvements, including a new port at Lamu, are planned for the next 3 years;
* Kenya company registration allows foreign entrepreneurs to take advantage of Kenya’s high projected GDP growth rate of 6%;
* The [Nairobi Securities Exchange](https://www.nse.co.ke/) (NSE) is the third ranked exchange in Africa, and offers excellent investment prospects, having grown 61% in 2013 and with a price/earnings ratio more favorable than the majority of western stock exchanges;
* The transportation industry is also an excellent investment opportunity, growing by 23% from 2006 – 2010, making Kenya attractive for international construction companies;
* Kenya is active in several regional trade blocs, including the Common market for Eastern and Southern Africa [(COMESA)](http://www.comesa.int/) and the [East African Community](http://www.eac.int/) (EAC). Also, Kenya has created a customs union with the EAC, eliminating all duties on goods and non-tariff trade barriers amongst member countries;
* Kenya is a member of The East African Community. Consequently, Kenya business setup allows extended judicial protection through the East African Court of Justice for international trade with Uganda, Burundi, Rwanda, Tanzania ;

3. A cheaper alternative to South Africa

* Kenya company registration is a great alternative to South Africa for entrepreneurs looking to enter the African region, due to lower business setup costs:
* A Kenya company formation benefits from cheaper utilities, with basics costing an average of US$40 a month, compared to US$120 a month in South Africa. Mobile phone and internet plans are also significantly cheaper in Kenya;
* Kenya business
* Kenya business setup allows entrepreneurs to benefit from cheap labor. In 2012, the average wage in Kenya was US$485, whilst the average wage in South Africa was US$1,675;
* Similar to South Africa, there is no minimum share capital requirement of an LLC;
* A top-class office space in Kenya would not cost more than US$11.5 per sqm while in South Africa would not be less than US$19 per sqm.

4. Employees

* English is one of Kenya’s two official languages, with an estimated 80% of the population able to speak English at a conversational level. Therefore, investors aiming for Kenya business setup will easily be able to communicate with employees, customers and suppliers;
* A resident company will benefit from 74% computer literacy among the population, which make the employees more productive;
* While skilled labor standards is of a poor quality compared to western countries, it is the second best on the continent after South Africa.

**Challenges.**

**Taxation**

* Non freezone Kenya business will require entrepreneurs to pay high taxes. Corporate income rate is 30%, witholding tax rate is 20% and a VAT rate is 16%;
* Kenya has signed mere 7 [double taxation treaties](http://www.revenue.go.ke/lto/ltodta.html) which fail to materially reduce the tax burden of entrepreneurs.

**Business challenges**

* Obtaining a work permit requires entrepreneurs pursuing Kenya business setup to have at least US$100000 in a Kenyan bank account or an auditor’s report confirming that previously at least US$100000 were invested in the resident company;
* A Kenya company formation suffers from Government inefficiency. For example i) it takes 3 months to get immigration visas ii) 4 months to receive refunds of VAT and withholding taxes and iii) 1 month to obtain customs clearance;
* Kenya is ranked poorly as the 139th corrupt country on the [2012 corruption perceptions index](http://www.transparency.org/cpi2012/results). Any dealings with the Kenyan judicial system are mired by incompetence, executive interference and corruption through out all levels of the judiciary;
* Kenya company registration can also raise security and safety issues. Between Kenya’s relatively high crime rate and the instability in neighboring Somalia, investors will likely need to spend additional money on security and insurance when working in Kenya.

**Company law challenges**

* While a Kenya company formation can freely repatriate income out of Kenya, any transaction involving US$10,000 or more must be supported by documentary proof of the reason for the transfer;
* Kenya company registration can be time-consuming, requiring an average of 6 weeks to complete. In addition, depending on the industry, obtaining the proper licensing can take up to an additional 14 weeks to complete;
* A Kenya company formation will have difficulty acquiring land in Kenya, due to lack of transparency and cumbersome regulations within the [Ministry of Lands](http://www.ardhi.go.ke/default/index.php);
* Kenya company registration laws restrict 100% foreign ownership in the following industries i) Aviation, where 51% Kenyan shareholding required ii) Insurance, where at least 33% Kenyan shareholding is required for agents and a minimum 60% Kenyan shareholding is required for brokers iii)?Telecommunications, where at least 20% Kenyan shareholding must exist within three years of the issuance of the business license iv) Agriculture, where foreigners are barred from purchasing or selling any agricultural land v) Listed companies, where 25% of their ordinary shares must be reserved for investment by Kenyan nationals.​