



Joint Media Statement by Gor Mahia F. C and AFC Leopards

Anticipated reintroduction of the 20% excise tax detrimental to Kenya sports sector

As we await the National Assembly pronouncement of budget policy highlights 2021/2022, we wish to bring to the attention of the public; members of parliament and the government the potential negative impact envisaged by the sports sector and particularly the football sector in Kenya, should the 20% excise tax be enacted.

The Finance Bill 2021, Part IV, Section 14, 4A amendment of the Excise Duty Act 2015 states that "Excise Duty on betting shall be twenty per cent of amount wagered or staked." The public is aware that football in Kenya has since 2016 been largely supported by sponsorships offered by betting companies similar to major leagues across the world. The enactment of this law will render all clubs currently supported and sponsored by various betting firms unable to continue with their operations.

- i) Sponsorships have kept clubs and ostensibly the football league itself in operation and aided in the development of players and clubs. This is true for other sports that benefit from similar sponsorships.
- ii) Between 2016-2020 over Kes 1.6 Billion has been invested in local clubs and millions more in TV rights, advertising and merchandise, which has helped grow the stature of football clubs in Kenya.
- iii) After a fan-less season due to the Covid-19 pandemic, our clubs have been largely dependent on the support by our sponsorship partners. We are not out of the woods yet with an unpredictable future and no foreseeable projected return to full stadia.

Effect of the enactment of the excise tax:

The enactment of the 20% excise tax will unequivocally rule out continued sponsorship of football clubs across all tiers (National Super League, Division 1 and County Leagues), with the net effect of rendering the operations of most of the league teams unsustainable. As you may be aware our clubs have been facing extremely challenging financial times and with this tax, which will render our primary sponsors unable to continue with their partnerships, it will certainly be an own goal on Kenyan football as it would disrupt if not force a suspension of the second half of the season. This would also adversely affect the much-anticipated 2022 season which was supposed to mark the grand re-start of our fully fledged top-flight football in Kenya.

This is not the first time the excise tax is being proposed for adoption into law, and the wisdom that prevailed in the suspension of the act previously, given the projected impact on the sports sector, needs to prevail yet again. This is particularly necessary at this time given the challenges we continue to face with the Covid-19 restrictions.

We as representatives of the top tier football clubs in Kenya and by extension the sports fraternity, feel that this tax proposal is ill-timed and make a strong appeal to the government and members of parliament to make special considerations on this exigent matter and give the sports fraternity a fighting chance during these difficult times.

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