



# SIMPLIFIED TRADE REGIME FOR MICRO, SMALL AND MEDIUM ENTERPRISES(MSMEs) (MSMES) INFORMATION PACK

## CUSTOMS & BORDER CONTROL

Micro, Small and Medium Enterprises (SMEs) are the backbone of Kenya's economy, driving innovation, creating jobs, and fostering economic growth.



KENYA REVENUE  
AUTHORITY

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## Who are considered MSMEs?

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Traders whose transactions are valued at equal to or under USD 2,000 and thus qualify to trade under the Simplified Trade Regime (STR).

Traders whose transactions are valued at more than USD 2,000 will follow the standard import / export procedures.

## Commonly traded goods below USD 2000 include:

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Agricultural goods –unprocessed, semi-processed and processed, Organic chemicals, Plastics and articles of plastics, Textiles and fabrics, Glassware, Motor vehicle parts, Paper and printed matter, machinery and mechanical appliances.

## SIMPLIFIED TRADE REGIME

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Under the EAC Customs Union, the Simplified Trade Regime (STR) is a special provision aimed specifically at small traders who regularly transact in low value consignments. An approved simplified certificate of origin (SCOO) exempts consignments of goods that:

1. Originate in the EAC and
2. Valued at under US\$ 2,000 from payment of import duty in the EAC destination country.

## Instruments of STR

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A threshold for the value of consignment – in EAC and COMESA the agreed threshold is currently USD 2000.

Simplified Certificate of Origin – upon arrival at the border, MSMEs with qualifying goods are issued with the simplified certificate of origin by the Customs officers.

Common list of products – this list specifies goods that enjoy preferential treatment under this regime.

Simplified Customs Document – a document used by traders to declare goods that appear on the common list and duty is not payable on the declared goods.

## The Simplified Certificate of Origin (SCOO)

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The Simplified Certificate of Origin (SCOO) is brief and easier to complete than the long version of the COO.

The SCOO is used for consignments equal to or less than USD 2,000 in value.

EAC Originating products must be accompanied by the SCOO in order to qualify for exemption of import duties, IDF and RDL when imported into Kenya. Important to note is that SCOO doesn't exempt VAT and Excise.

Issued free of charge at border station.

The SCOO is issued for each transaction and cannot be used more than once.

Completed SCOOs are verified, endorsed and issued by the Customs office at the border in the exporting country.

## CUSTOMS IMPORT PROCEDURE UNDER STR

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- Trader presents the goods, Commercial invoice, relevant permits and the Certificate of Origin to Customs
- Customs verifies the physical goods against the declaration in the SCOO.
- Confirms the authenticity of the signature and stamp impression on the Certificate of origin.
- The customs officer lodges direct assessment in the ICMS and prints a receipt for payment of duties where applicable.
- If the goods do not attract VAT or excise duty hence no duties payable, then goods are released.
- For those where VAT or excise duty is payable, the trader makes payment at the bank and presents the payment to customs officer, then goods are released.

**Note:** For goods imported from outside the EAC, and those without the simplified certificate of origin, import duty, IDF and RDL are payable.

- Declaration is made through the clearing agent.

## CUSTOMS EXPORT PROCEDURE UNDER STR

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- The trader is required to have a commercial invoice or receipt as supporting documentation
- Traders present themselves to customs with the goods
- Customs ascertains that the goods qualify as originating (wholly produced or manufactured).
- Once satisfied Customs gives the Simplified certificate of origin and guides the trader to fill it.
- The filled certificate of origin is signed and stamped by Customs and goods are allowed to cross borders.

**Note:** For goods to be exported outside the EAC region, the trader obtains certificate of origin from the customs rules of origin office and is required to obtain all relevant licences and permits for restricted goods. The trader is also expected to lodge an export declaration through use of a clearing agent.

## IMPORT CARGO CONSOLIDATION PROCESS

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1. Goods are inspected at the country of export and issued with a COC (Certificate of conformity)
2. Consolidator receives the goods accompanied by the COC for consolidation and issue a HBL/HAWB.
3. The consolidator submits the master packing list of the goods to the shipping line for preparation of the master bill of lading
4. The shipping line provides a manifest containing the master bill of lading to KRA for approval.
5. The consolidator prepares a house manifest to allow for clearance by the individual consignees or their agents.
6. KRA verifies and approve the manifest to allow the consolidator / consignee to prepare individual customs entries using the house bill of lading.
7. The consignee presents the HBL to allow issuance of delivery order.
8. The consignee uses the house manifest to lodge entries for clearance and subsequent release of individual consignments after stripping and verification by the relevant government agencies.

## BENEFITS OF SIMPLIFIED TRADE REGIME

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- Expanded markets
- Increased productivity and economic development
- Increases export price competitiveness in the international and regional markets
- Increases trade volumes
- Reduced cost of doing business

## OTHER ASPECTS OF IMPORT AND EXPORT OF GOODS

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As per the 2<sup>nd</sup> schedule of EACCMA 2004 Act, there goods whose importation or exportation is prohibited or restricted.

## Prohibited Imports

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- False money & counterfeit money notes & coins
- Pornographic materials
- Matches containing Sulphur
- Narcotic drugs
- Hazardous wastes
- All soaps and cosmetics containing mercury
- Used tyres for light commercial vehicles and passenger cars
- Counterfeit goods worn undergarments

## Restricted Imports

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1. Postal franking machines
2. Unwrought precious metals & precious stones
3. Ivory worked ivory and articles of ivory
4. Arms and Ammunition
5. Rhinoceros's horns
6. Hippopotamus teeth

## Restricted exports

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- Scrap metal
- Timber
- Fresh unprocessed fish
- Charcoal
- Used automobiles batteries