

Kenyan statutory deductions

Human resources and payroll

Documentation version 1.0
Published 17 November 2026
https://www.hesabuerp.co.ke/documentation/

Human resources and payroll

Kenyan statutory deductions

How PAYE, NSSF, SHIF, the Housing Levy and NITA are set up and checked in payroll.

Advanced · About 30 minutes · Version 1.0 · Updated 17 November 2026

Plan availability

Included in the **Enterprise** plan. Contact us if you want to upgrade.

Overview

Kenyan employers must deduct and remit several statutory amounts. Hesabu ERP handles them as **deduction components** in your salary structure.

> **Check before use.** The rates below are a summary at the date of this manual. Rates and thresholds change, often at the start of the year or tax year. Confirm the current figures with the Kenya Revenue Authority (KRA), NSSF, SHA and your accountant before you rely on them.

The deductions

Item	Who pays	Basis (summary)
PAYE (income tax)	Employee	Monthly bands: 10% on the first KES 24,000, 25% to 32,333, 30% to 500,000, 32.5% to 800,000, 35% above
Personal relief	Reduces PAYE	KES 2,400 per month
NSSF	Employee and employer	6% of pensionable pay up to the current upper limit, in two tiers
SHIF	Employee	2.75% of gross pay, minimum KES 300
Affordable Housing Levy	Employee and employer	1.5% of gross pay each
NITA	Employer	KES 50 per employee per month

NSSF, SHIF and the Housing Levy are deducted **before** PAYE is calculated, which lowers the taxable pay.

Steps

Ask for the preloaded setup

Hesabu ERP can load a ready-made Kenyan structure into your workspace, called **Kenya Standard (Hesabu)**. It contains Basic Salary and the deductions above (NSSF, SHIF, Housing Levy and PAYE), plus the employer's NSSF, Housing Levy and NITA shown as information lines. Ask support to load it. Then open **Salary Structure** to see it, and assign it to your employees with **Salary Structure Assignment**.

The figures are loaded as of November 2026. Check them against the current rates, and ask us to refresh them when the law changes. If you prefer to build the components yourself, follow the steps below.

Set up the components

1. For each item, create a **Salary Component** of type *Deduction*. See Salary components and structures.
2. Use a **Formula** for each. For example, for the Housing Levy: `gross_pay * 0.015`. Use a formula for PAYE that applies the monthly bands to taxable pay after the other deductions.
3. Put the PAYE component **after** the others in the structure, so it can use them.
4. Add the **employer's** share of NSSF and the Housing Levy, and NITA, as separate components. Mark them as employer contributions (**Statistical** or **Do not include in total**) so they do not reduce the employee's net pay, and set up their expense accounts.
5. Add the statutory payables accounts, so the amounts owed to KRA, NSSF and SHA appear on your balance sheet.

Check with a worked example

Take gross pay of KES 100,000 with the figures above:

Line	Amount (KES)
NSSF	6,000
SHIF	2,750
Housing Levy	1,500
Taxable pay	89,750
PAYE after personal relief	19,308
Net pay	**70,442**

Create a test salary slip for an employee at this figure and compare. If the numbers differ, fix the formulas before running payroll.

Important notes

- Remit PAYE, SHIF and NSSF by the **9th of the following month**, and the Housing Levy by the **9th working day** of the following month, and file through iTax and the relevant portals. Confirm your deadlines with your accountant.
- Keep payslips and remittance proofs for your records and audits.
- Ask support if you want help configuring the formulas for your company.

Common mistakes

- Using old rates after a law change.
- Calculating PAYE on gross pay without removing the pre-tax deductions.
- Treating the employer's share as an employee deduction.

Next steps

Read Running payroll.

Related documentation

- Salary components and structures
- Running payroll and payslips