

SKILLS DEVELOPMENT FOR CREATIVE SECTOR IN KENYA



Funded by the International Relief Fund for Organisations in Culture and Education 2021 of the German Federal Foreign Office, the Goethe-Institut and other partners. goethe.de/relieffund



Auswärtiges Amt



GOETHE
INSTITUT



TWAVEZA
COMMUNICATIONS

Working Towards a Better World

**SKILLS
DEVELOPMENT
FOR CREATIVE
SECTOR IN KENYA**

Published in 2022 by:
Twaweza Communications Ltd.
P.O. Box 66872 - 00800 Westlands
Twaweza House, Parklands Road
Mpesi Lane, Nairobi Kenya
website: www.twawezacommunications.org
Tel: +(254) 020 269 4409



© Copyright Twaweza Communications, 2022. Licensed under a Creative Commons Attribution 4.0 International License; <https://creativecommons.org/licenses/by/4.0/>

Design and layout: Timothy Wasambo

ISBN: 978-9966-128-08-9

With the support of International Relief Fund for Organisations in Culture and Education 2021 of the German Federal Foreign Office, the Goethe-Institut and other partners.

CONTENTS

ACKNOWLEDGMENTS	5
SECTION I: Intellectual Property Rights	7
Chapter 1: Frequently Asked Questions on Copyright	7
Copyright in Music.....	7
Music & Monetization.....	11
Intellectual Property for Creative Writers.....	14
SECTION II: Business Planning, Monitoring Evaluation and Learning	19
Chapter 2: Business Planning for the CCI's	19
Why & How.....	19
Introduction.....	20
What is business planning?.....	20
Why is business planning so important?.....	20
What is a business plan?.....	22
Developing and customising your business plan.....	23
Using your business plan.....	28
Free business planning resources.....	29
Chapter 3: Monitoring, Evaluation and Learning for the CCI's	31
Introduction.....	31
What is MEL?.....	32
Why is MEL so important?.....	34
MEL jargon.....	34
MEL good practice.....	38
MEL approaches.....	40
MEL tools.....	43
Free MEL resources.....	45
SECTION III: Taxation	47
Chapter 4: Filing income tax returns	47
Introduction.....	47

Pin holders without income.....	48
How to file income tax employment income only.....	50
How to file income tax return for registered businesses.....	54
Chapter 5: Digital Service Tax.....	58
What is Digital Service Tax (DST)?.....	58
What is a Digital Service?.....	58
What is the Digital Marketplace?.....	58
Who is a Digital Service Provider?.....	58
What is a platform?.....	58
What income is subject to DST?.....	58
Which incomes are Exempt from DST.....	59
Who is liable to pay DST?.....	59
Is DST final Tax?.....	59

ACKNOWLEDGMENTS

“ We are grateful to the organizations and individuals who provided support... ”

This publication seeks to support the cultural and creative industries in Kenya by providing information on copyright, taxation, business and monitoring, and learning based on virtual training to cater for identified sector needs. We are grateful to the organizations and individuals who provided support and enabled us to develop capacities in the cultural and creative industries in Kenya within a complex COVID-19 pandemic. It is from the virtual trainings conducted for the sector that we have derived this publication so that it further supports practitioners with CCIs.

We acknowledge the support of the Creative Economy Working Group who have continued to engage key issues in the creative sector and the participants in the capacity development workshops. We are also grateful to the trainers who also contributed in the development of this publication. We recognize the contribution of Deborah Wanjugu & Liz Lenjo for their input to Intellectual Property Rights component of this publication. Although the information provided in the copyright section does not constitute legal advice, it is an important basis for further reading and consultation. For legal advice, we urge readers to consult and retain the services of a competent Intellectual Property lawyer.

Taxation in the cultural and creative industries in Kenya continues to be a challenge. It is not well understood by practitioners most of whom work in the informal sector. We are indebted to Evans Kithinji for his input to the component on taxation in Kenya. Other areas of immense concern to the creative sector relate to business, monitoring and evaluation. We thank Dr. Kathrin Schmidt for putting together the Business Planning, Monitoring Evaluation and Learning sections.

This publication has been funded by the International Relief Fund for Organisations in Culture and Education 2021 of the German Federal Foreign Office, the Goethe-Institut and other partners. For more information visit: www.goethe.de/relieffund. We are grateful for the support.

01

SECTION I: Intellectual Property Rights for the Cultural and Creative Industries

CHAPTER 1: FREQUENTLY ASKED QUESTIONS ON COPYRIGHT

COPYRIGHT IN MUSIC

✓ *What is Copyright in music?*

Copyright in music refers to a combination of economic and moral rights that enable an artist in the music sector to be credited for their work and to make money from their music work.

Therefore, in music copyright refers to the right to be accredited for one's contribution in a musical work, and the right to earn an income from that contribution.

✓ *What does Copyright NOT protect in Music?*

Copyright in music protects expression of ideas in a musical work. Ideas about a music work cannot be protected by copyright law. For example, if one has an idea about a love song revolving around a dowry ceremony, they cannot claim copyright over that idea. They get copyright over the expression of that idea. Hence, one cannot claim copyright over a theme for example, a wedding song, a love song, a break-up song, etc.

✓ **What is protectable by Copyright?**

Copyright grants protection to literary and artistic works, musical works, sound recordings, broadcasts, sculptures, architectural works, software/ computer programs, audio-visual works, photographs etc.

(See Section 2 - Copyright Act of Kenya

<http://kenyalaw.org:8181/exist/kenyalex/actview.xql?actid=CAP.%20130>)

✓ **How do I get copyright in my music?**

Copyright exists upon creation. The moment you compose a song, you get copyright in it. That composition must be expressed in a tangible form. This is called fixation. Without fixation you cannot claim or prove copyright in a work.

For example, when a song is written on sheet music or when it's recorded on a phone, studio or other medium, that amounts to fixation.

Fixation looks different depending on the art form. Where music is concerned, fixation refers to writing lyrics, capturing the melody using vocals or instrument and recording that capture. On the other hand, a photograph of a song will not make any sense as a form of fixation.

It is highly recommended that once a work is ready, the copyright is registered and a certificate of copyright shall be granted by the Kenya Copyright Board. You may need Intellectual Property (IP) legal counsel to effectively assist with this procedure.

✓ **How long does copyright last?**

Copyright in a musical composition lasts for the life of the author plus 50 years after the death of the author in the event of sole authorship and 50 years after the death of the last surviving composer in the event of joint authorship.

There are times when the author of a song is not known. Such songs are legally known as anonymous or pseudonymous works. Copyright in these works will last for 50 years after the date of first publication.

✓ **What is the anatomy of a song?**

Lyrics: the words of a song

Melody: the tune played by instruments or sang by a performer (sometimes referred to as the beat in street colloquialism)

Both of these make up a musical composition

Arrangement: Organisation of the musical composition and musical elements to ensure an appealing outcome. Includes but is not limited to

direction on the progression of the musical notes, adlibs, instrumentals among other elements.

Sound recording: The recording of a song which is played on radio or streaming platforms

✓ **Who are the different players in music?**

Author: The person who writes the lyrics.

Composer: The person who creates the melody/ composition.

Performer: The person who sings or plays the composition.

Producer: The person who helps an artist bring their creative vision to life by being the creative and technical leader, and in some cases creates the song's sound and structure

Arranger: The person who comes up with the arrangement.

Publisher: A legal entity that specialises in exploiting the musical works through distributing music and managing the intellectual property of the composer for commercial and non-commercial gain, as agreed through a "PublisherAgreement".

Record Label: The business entity that invests in the creation of music by signing up artists, ensuring finances are available for their music recordings and audio-visual (music videos) recording for a period of time, earning them the Producer Rights.

✓ **What is an Ideal representation of the credits?**

Song title x - Performed by Y

Lyrics & melody composed by:

Performed by Y

Arranged by Z

Produced by W

Published by G

These roles can be by one person and their entities or different people. It depends on the scenario and the nature of the song or project if one prefers to call it so. Any and all persons playing the above roles have rights in copyright and related rights. Contracts play a huge role in asserting some of these rights that come with these roles; for example, a split sheet for the musical works, publisher agreements and record label agreements.

✓ **Do these players have the same copyright?**

No. Each player in the music sector has their own copyright

- Composer has copyright in the music composition(melody)
- Author has copyright in the lyrics.
- Arranger has copyright in the arrangement

✓ **Related Rights (sometimes referred to as “Neighbouring Rights”):**

These are rights which are connected to copyright but in most cases are not connected with the author. They are:

- Producer is the entity or individual that finances the sound recording and accrues the right in the sound recording. A record label may employ the producer and own copyright in the sound recording (Related Right)
- Performer(s) has a right in their performance e.g singing, rapping, playing of an instrument, ad libbing, video vixens/ actors. (Related Right)

✓ **What happens when copyright in a song expires?**

Composition: It will enjoy copyright for 50 years after the death of its composer after which the composition falls into the public domain. This means you may use the song without paying royalties. You must credit the original composer, though.

Sound recording: It will enjoy copyright for 50 years after it has been published and then it falls into the public domain. This means you may sample the sound recording without paying royalties. However be careful to check if the sound recording copyright has expired before copyright in the composition. If this is the case, you will need to clear with the composer to use the song in the same or different sound recording.

Public domain refers to the pool of works which were once covered by copyright but whose term of protection has expired.

✓ **What are moral rights?**

These are the rights an author has to be identified as the creator of a work. In Kenya, they include the right to claim authorship of the work, and the right to object to any distortion, mutilation or other modification of or other derogatory action in relation to, the said work which would be prejudicial to his honour or reputation.

✓ **What are economic rights?**

These are the rights an author has to do certain acts that will enable him/her to make money from their work. They are:

- Making copies of the original work in any form (digital, physical etc.)
- Translating or allowing it to be translated, or adapting the work (includes subtitles)
- Distributing the work to the public by way of sale, rental, lease, hire, loan, importation or similar arrangement

- Communication to the public of the whole work or a substantial part thereof, either in its original form or in any form recognizably derived from the original;
- the broadcasting of the whole work or a substantial part thereof, either in its original form or in any form recognizably derived from the original.

✓ **Can I sing a song I like and make it public? And can someone legally use my song without my permission?**

The general legal premise in copyright law and IP law in general, "if it doesn't belong to you, you must clear the rights." So one must seek the author's permission first before use.

There are instances where the law makes exceptions and permission of the author is not required. These include; Research and Education purposes, News reporting/ Fair comment, library and archiving, Parodies and Pastiche. The use should be moderate, otherwise could lead to a copyright infringement suit.

✓ **What do I do if I want to sample a song on my own song?**

Research. In particular, find out:

- Who the composers, producers and other rights holders to the song may be
- If the song is still in copyright
- What the cost of sampling the song will be by reaching out and seeking a licence from the rights holders

✓ **How does copyright apply to traditional music and folklore?**

It doesn't. Traditional music and other traditional cultural expressions are covered by a different type of IP called traditional knowledge. This is because traditional music was created decades ago and is no longer eligible for copyright. However, if you sing your version of a traditional song its arrangement and sound recording will be covered by copyright subject to the respective community's permission.

MUSIC & MONETIZATION

✓ **What are the Traditional Monetization Avenues?**

Some of the traditional monetization opportunities include:

- Broadcasting i.e Radio play & TV Play;
- Synching - where music is synchronised with audio-visual works;
- Licensing- permission is granted for a period of time to allow use of the song e.g Mechanical Rights Agreement for reproduction of a song in a movie or a TV show.
- Live performances - Performances by the artist at Public gatherings and events- payment should be fully paid by the end of the event.
- Public performances - Playback of works through means of a radio , TV or internet to members of the public, including in hotels, restaurants and events.

✓ **What are some of the New Monetization Avenues?**

- Digital streaming
- Ringtones and ringback tones

✓ **How do these monetization avenues connect with economic rights?**

- The right to make copies of the original work in any form enables one to take advantage of the most recent and practical technologies in preserving their work and also availing it to consumers.
- Translating or allowing it to be translated, or adapting the work (includes subtitles). This right provides for new avenues of licensing so that people can make their own renditions of a song in a different language. The value is that it increases one's revenue stream, particularly if the song is very popular.
- Distributing the work to the public by way of sale, rental, lease, hire, loan, importation or similar arrangement. This right has given rise to new ways of making money, the most prevalent being digital streaming. With the breakdown of traditional distribution models in Kenya, digital streaming has given artists greater income opportunities because of exposure to greater audiences and passive income through revenue from advertisements.
- Communication to the public of the whole work or a substantial part thereof, either in its original form or in any form recognizably derived from the original. For example, this is done through playing of Televisions or Radio programs in public places like malls, restaurants, discos, in exchange for paying a licence fee to the respective collective management societies.
- the broadcasting of the whole work or a substantial part thereof, either in its original form or in any form recognizably derived from the original.

✓ **Intermediaries Involved in Monetization** **Collective Management Organisations**

The work of collective management organisations (CMOs) is to collect royalties on behalf of artists. These royalties are collected in the form of annual licences offered to different categories of businesses.

There are different types of CMOs which enforce the public performance and mechanical rights. One needs to be aware of the rights that accrue to them in order to register with the correct CMO.

Premium Rate Service Providers (PRSPs)

These are companies set up to monetize songs through ringtones and ringback tones. They have access to technology that can convert music files into ringtone formats for ease of use by telecommunication companies on their platforms. They licence music from individual artists, then enter into sublicensing agreements with telecommunication companies so that the songs may be used as ringtones and ringback tones.

Record Labels

The business entity that invests in the creation of music by signing up artists, ensuring finances are available for their music recordings and audio-visual (music videos) recording. As has been seen above, they may own some or all of the copyright in the music they produce. They partner with publishers, broadcasters and event managers to have their music played across different channels.

Publishers

Once an artist enters into a publishing agreement with the publisher, the publisher is obligated to look for monetization opportunities by finding different licensing opportunities best suited to his/her clients. In some instances, recording labels are also publishers.

Distributors

Traditionally, they were shops that people could go into to buy CDs, DVDs or cassettes of their favourite musicians. Today, there are digital distributor companies that specialise in making their clients' music catalogues across different regions. Some are specific to one region while others are global. They partner with independent artists, record labels, publishers and CMOs to ensure that music is played across different streaming platforms and in different regions.

Lawyers

They help in drafting legal agreements, interpreting these agreements to their clients, registering their clients' rights with various intellectual property offices. Depending on their different skill sets, some will also act as artist or business managers for their clients. This means that they will play a greater role in seeking out monetization avenues and structuring the business side of the musician.

Artist Managers

They help artists manage the day to day affairs of their music business. They seek out media interview opportunities, manage their clients' schedules, manage public relations, secure event performances and other such affairs. Some artist managers are also distributors, publishers or other professions.

Business Analysts/Coaches

They help artists map out their artist and business cycles. They then help the artists grow depending on the stage they are in at the cycle, and help map out the strengths, weaknesses, opportunities and threats of a creative business at different stages of the cycle.

Accountants

Accountants help manage the revenue streams of an artist and assist in structuring a monetization strategy that works best for their client. They also ensure that the artist is up-to-date with their tax obligations, and help the artist structure their business in the most tax-efficient way.

INTELLECTUAL PROPERTY FOR CREATIVE WRITERS

✓ **What is Copyright for creative writers ?**

Copyright for creative writers refers to a combination of economic and moral rights that enable an artist to be credited for their work and to make money from their work.

In literary works copyright refers to the right to be accredited for one's contribution in a literary work, and the right to earn an income from that contribution.

✓ **What does Copyright NOT protect for creative writers?**

Copyright protects expression of ideas in creative writing. Ideas in the mind of a creative writer cannot be protected by copyright law. For example if one has an idea about a biracial love story in colonial times, they cannot claim copyright over that idea. They get copyright over the expression of that idea. Hence, one cannot claim copyright over a theme for example, a love story, political drama, murder mystery etc.

Facts and news articles are not protected by copyright. This means that they may be used by anybody even if the first person to report on them put in significant effort to research and discover those facts or news articles.

In the case of literary works, concept notes are generally considered ideas as they contain the general plot of a story. They are meant to pique the interest of an investor like a producer to fund further development. They usually do not have much detail. Greater copyright detail is found in the development of that concept. This also applies to general descriptions of characters with no distinct features, also called stock characters. A character bible on the other hand, is likely to have very detailed characteristics and will likely have copyright in it.

✓ **What is protectable by Copyright?**

Copyright grants protection to literary and artistic works, musical works, sound recordings, broadcasts, sculptures, architectural works, software/ computer programs, audio-visual works, photographs.

✓ **How do I get copyright in my literary creation?**

Copyright exists upon creation. The moment you write a manuscript, you get copyright in it. The idea you have must be expressed in a tangible form. This is called fixation. Without fixation you cannot claim or prove copyright in a work.

For example, when a script is written or dictated into a phone or other medium, that amounts to fixation.

Fixation looks different depending on the art form. Where writing is concerned, fixation refers to writing or recording the script into an audio recording.

It is highly recommended that once a work is ready, the copyright is registered and a certificate of copyright shall be granted by the Kenya Copyright Board. You may need IP legal counsel to effectively assist with this procedure.

✓ **How long does copyright last?**

Copyright in a literary work lasts for the life of the author plus 50 years after the death of the author in the event of sole authorship and 50 years after the death of the last surviving author in the event of joint authorship.

There are times when the author of a book, poem or script is not known. Such literary works are legally known as anonymous or pseudonymous works. Copyright in these works will last for 50 years after the date of first publication.

✓ **What happens when copyright in a literary work expires?**

Manuscript: It will enjoy copyright for 50 years after the death of its author after which the manuscript falls into the public domain. This means you may copy the manuscript without paying royalties. You must credit the original author, though.

Printed publication: It will enjoy copyright for 50 years after it has been published and then it falls into the public domain. This means you reproduce the look and feel of the publication without paying royalties. However be careful to check if the print publication copyright has expired before copyright in the manuscript. If this is the case, you will need to clear with the author to reprint the contents of that publication.

Public domain refers to the pool of works which were once covered by copyright but whose term of protection has expired.

✓ **Who is an Author?**

In the context of creative writers, an author is:

1. The individual or individuals who write a manuscript (Writer/Script Writer)
2. Screenwriters who re-write an original script to fit a purpose e.g in the case of a TV or Movie
3. Playwrights who write a script for theatrical performances
4. Poet

✓ **Where does the copyright lie in a creative work?**

Copyright in a creative work can be multi-layered depending on the scenario.

- The original copyright lies with the novelist/playwright/scriptwriter/poet of the original work.
- When the work becomes an audio-visual work/movie, the copyright in the movie will be owned by the producer.
- When the work becomes a theatrical performance, the copyright will be owned by the director and the playwright.
- When a poem becomes a song, copyright in the recorded version (sound recording) will be owned by the producer.

Copyright in creative works covers the plot or the story being told, not just the sequence of words in a script.

✓ **What are moral rights?**

These are the rights an author has to be identified as the creator of a work. In Kenya, they include the right to claim authorship of the work, and the right to object to any distortion, mutilation or other modification of or other derogatory action in relation to, the said work which would be prejudicial to his honour or reputation.

✓ **What are economic rights?**

These are the rights an author has to do certain acts that will enable him/her to make money from their work. They are:

- Making copies of the original work in any form (audio, digital, physical etc.)
- Translating or allowing it to be translated, or adapting the work
- Distributing the work to the public by way of sale, rental, lease, hire, loan, importation or similar arrangement
- Communication to the public of the whole work or a substantial part thereof, either in its original form or in any form recognizably derived from the original;
- the broadcasting of the whole work or a substantial part thereof, either in its original form or in any form recognizably derived from the original.

✓ **How does an author make money?**

The author can negotiate to get a share of royalties in the AV works or a standard fee if the work is licensed.

In some instances a total sale in the copyright could/may happen especially in the context of commissioned works/ work made for hire. In a total sale, a once- off payment is received in exchange for the economic rights.

✓ **How are economic rights connected to distribution models?**

- Making copies of the original work in any form.
 - In the case of physical print versions, the publisher will enter into an agreement with the author to produce and sell a number of copies of a work.
- Translating or allowing it to be translated, or adapting the work.
 - The author may receive requests to have the book available in one or more different languages. He may agree to it and allow his publisher to grant this licence and release the manuscript for such purposes.
 - In adapting the work, the author may grant permission for the work to be converted into a pictorial, audiovisual, theatrical or other work (includes subtitles)
- Distributing the work to the public by way of sale, rental, lease, hire, loan, importation or similar arrangement.
 - This allows bookshops to stock copies of books for sale, and libraries to have copies for lending purposes.

- It also allows publishers to distribute the books to online platforms in specified formats.
 - In the case of audiovisual works, it refers to making the audiovisual work being distributed either through traditional DVD formats or digital formats. It also grants permission to cinemas to screen this work for a limited time.
 - In the case of plays, it grants permission for the script to be sold in book format, and also for the play to be screened for a limited time.
- Communication to the public of the whole work or a substantial part thereof, either in its original form or in any form recognizably derived from the original;
 - the broadcasting of the whole work or a substantial part thereof, either in its original form or in any form recognizably derived from the original.
 - This includes public readings on radio stations, bookshops etc.

✓ **What are commissioned works?**

These are agreements in which a person is hired to carry out a particular creative task and is paid a fee for that task but has no economic rights in the task after completion but will retain the right to be known as the author of that task.

In writing, commissioned works include scriptwriters for audiovisual works, ghost writers for autobiographies, editors, printing companies for self-published authors etc.

It is prudent to have a written agreement stating that a work is a commissioned work and that the rights will be transferred to the commissioning party. This will ensure that every party is clear on their rights and obligations regarding any work.

✓ **What does it mean when my work is included in a collection/compilation?**

The Kenyan Copyright Act does not exclusively cover this category of literary works. However, standard practice is that when a literary work is incorporated in a compilation e.g. a collection of short stories or journal of academic papers, each contributor will retain copyright in their individual work while the publisher will retain the copyright in the compiled version of the book, whether printed or digital.

Contract details entailing licences (can be exclusive or non-exclusive) will vary on a case-by-case basis. It is advisable to seek legal advice from a competent intellectual property lawyer before signing such agreements.

✓ **What does it mean when I am commissioned to write a short story for a particular project?**

This will be classified as commissioned work. Please review the section above titled 'What Are Commissioned Works?'

✓ **What is fair dealing and how does it affect me as a writer?**

Fair dealing refers to legal exceptions that allow for limited infringement on the rights of an author, and where the author's consent is not required.

Where creative works are concerned, fair dealing is limited to Research and Education purposes, News reporting/ Fair comment, library and archiving, Parodies and Pastiche. The use should be moderate, otherwise could lead to a copyright infringement suit.

✓ **What is a derivative work?**

A derivative work is a work based on an original work or borrows heavily from an original work. The type of derivative work can vary depending on the works subsequently created. For example; from a script to a movie to a video game.

✓ **Which are the other roles apart from an author in a creative writing engagement?**

Editor: A person who goes over a manuscript to strengthen its creative and grammatical flow. In most cases an editor will be hired by a publisher under a commissioned work agreement and will have no copyright in their input.

Publisher: A company that is contracted to work with the author to explore commercial rights and opportunities for a book written by the author.

Bookshop: a physical or online shop that sells books directly to consumers.

Collective Management of Reprographic Rights: This can be achieved through a collective management society or organisation that administers the rights of authors, where they are compensated for use of their works that is beyond their control.

Reprography: This means reproduction by way of: 1. Printing 2. Photocopying 3. Scanning 4. Digitising 5. Electronic transmission, such as faxing 6. Electronic storage in databases.

02

SECTION II: Business Planning, Monitoring Evaluation and Learning

CHAPTER 2: BUSINESS PLANNING FOR THE CULTURAL AND CREATIVE INDUSTRIES (CCIS)

WHY & HOW



INTRODUCTION

It takes more than a great idea to get a business off the ground and to ensure that your business can keep growing. A crucial step when starting or seeking to grow your business is to think strategically and analytically about your objectives and the steps and elements needed to achieve them. In this process, a formal, written business plan is a useful and important tool to lay out your objectives, define milestones and track progress, but also to secure financing and reduce risk.

This manual is aimed at helping you through the first stages of business planning and shall encourage you to plan out exactly how you are going to turn your vision into a successful business. It gives an introduction to the concepts and understanding needed to prepare a business plan, which is the most effective way of proving the viability of your business and is typically a requirement for anyone seeking external financing from funders or investors. The manual also offers a systematic approach to writing and using a business plan. Finally, it also provides some references for further reading and links to free business planning resources.

WHAT IS BUSINESS PLANNING?

DEFINITION OF BUSINESS PLANNING

Business planning takes place when the key stakeholders in a business develop and define the goals, strategies and actions that they plan to follow to ensure the business's survival, prosperity and growth.

This means business planning is about regularly setting goals, tracking your progress toward those goals, and making changes to your business as you learn more about your customers or audiences. As such, business planning is important whether you are a for-profit or non-profit organisation and no matter the size and lifetime of your organisation and what type of industry you operate in.

WHY IS BUSINESS PLANNING SO IMPORTANT?

There are a number of reasons why business planning is so crucial:

- ✓ ***Business planning supports a strategic and analytical approach and guides key decisions.***

Through the process of business planning, you identify potential challenges and risks, answer many tough questions before they arise and are thus well prepared for key decisions. Researching your answers to critical business

questions and thinking deeply about your core strategies can also help you understand how your day-to-day business decisions will impact your broader business strategy and vision.

✓ ***Business planning supports the definition of business objectives, SMART goals and milestones.***

Business planning can help make your objectives and milestones more intentional and consequential, which also helps you remain accountable to your long-term vision and strategy. It also helps you set and synchronise SMART (specific, measurable, achievable, relevant and time-based) goals.

Especially when you are not a sole entrepreneur it is very important to be on the same page with your co-founders and staff members in terms of your objectives and goals and to thus gain the commitment and participation you need from them. To ensure that your business plan is well implemented, you could also involve your colleagues (in particular those who will be involved in implementing your plan) in some aspects of your business planning, e.g. undertaking some of the necessary research, writing parts of the business plan or at least reviewing it. But even as a sole entrepreneur a business plan is crucial, as it helps you to have a clear overview of your objectives and the steps and elements needed to achieve them.

✓ ***Business planning helps you see the bigger picture and prioritise.***

Entrepreneurship is often an endless exercise in decision making and crisis management. Taking the time to consider all the consequences of any given decision is a luxury that especially small businesses cannot always afford. This is where business planning comes in, which helps you make better decisions swiftly and under pressure and to adapt to a constantly changing world.

✓ ***Business planning helps you track process and progress.***

Setting concrete objectives, milestones, responsibilities and timelines enables you to monitor progress, evaluate success and gain crucial insights into how your overall strategy is (or is not) coming together over time.

✓ ***Business planning helps you secure financing.***

Business plans are the most effective way to prove the viability of your business and are typically a requirement by funders and investors.

✓ ***Business planning helps you better understand your competitors and audiences / customers.***

Business planning encourages you to analyse your competition and their competitive advantages and to better understand your audiences / customers, which will enable you not only to improve your products and services but also to work out how to best reach your audiences / customers.

✓ **Business planning reduces risk (including reputational or financial risks and pursuing wrong opportunities).**

Entrepreneurship is a risky business, but risks become significantly more manageable once they are tested against a well thought-through business plan. Drawing up revenue and expense projections, devising logistics and operational plans and understanding the market and competitive landscape can all help reduce the risks linked to an inherently precarious way of making a living. Having a business plan allows you to leave less up to chance, make better decisions, and enjoy the clearest possible view of the future of your organisation.

✓ **Business planning increases profitability and likelihood of success.**

Studies show that business planning helps businesses grow 30 percent faster and that businesses that plan perform better overall.

WHAT IS A BUSINESS PLAN?

WHAT IS A BUSINESS PLAN

A document that outlines your business objectives and the steps and elements needed to achieve them (including information on your organisation, your service or product, a contextual assessment and your resources).

Business plans are like road maps: it is possible to travel without one, but that will only increase the odds of getting lost along the way. Without a business plan, you might, for example, make key decisions or follow short-term strategies without aligning them with your long-term objectives.

Creating an extensive business plan is unnecessary for most businesses to get started. However, creating a short, written business plan offers several benefits that more than outweigh the investment of time, as outlined in the previous section.

Writing a business plan is not about producing a document that accurately anticipates the future of your organisation (which is hard to predict anyway). It is the process of researching and writing your plan that is important. Writing your plan and reviewing it regularly gives you clearer insights into what you need to do to achieve your goals and be successful. This means a business plan should be a living written document that is reviewed and updated throughout the life cycle of your business to ensure it is up to date and fit for purpose, taking into account that your business will change, your financial situation might change, and market conditions or your audiences and customers might change.

DEVELOPING AND CUSTOMISING YOUR BUSINESS PLAN

If you develop and customise your own business plan according to your specific needs, it will be much more useful to you. The particular purpose, design and structure of your business plan depends on the type, size and situation of your business, your specific industry within the CCIs and the target audience for the business plan (e.g. will the business plan remain an internal document or will it be shared with external stakeholders, such as potential investors, funders or partners).

To accommodate different purposes and audiences, you might also end up with a few different versions of your main business plan. If your business plan (or a version of it) is targeted at **external readers**, you need to ensure to speak their respective specific language and you should add an **executive summary** at the beginning (to highlight the key points of your business plan) as well as an **appendix** at the end with additional documents or information (such as reference letters, certifications, awards, licenses, permits, legal documents, credit history and CVs of key staff).

The frequency of how often you review and update your business plan (or a particular version of it) also depends on its purpose and audience. For example, if you are using it as an internal management tool, you might want to review it more regularly (e.g. quarterly). However, if its primary purpose is to seek external financing, you might just update it when needed for another round of financing or funding applications.

Irrelevant of the individual design and structure of your business plan, it is important to **cover the following aspects** in some form and shape: information on your organisation, vision and objectives, risk assessment and management, a context analysis, a market assessment, financial projections as well as any resources (including human resources) that are crucial to realising your business objectives and plans. The following tables outline the details you should include in your business plan and where to find this type of information.

Overview of your Organisation / Business

A very important part of your business plan is providing an overview of your organisation, its mission, products and / or services and its operational status, including a SWOT analysis (an analysis of your organisation's strengths, weaknesses, opportunities and threats).

INFO / DATA TO COLLECT	WHERE TO FIND IT
Brief description of the organisation (including products / services and pricing strategy)	Internal records (minutes, memos) / historical documents
Mission statement and strategic priorities for the next 3-5 years	Funding / financing applications
Description of how it currently operates: legal status, business model, management structure, SWOT, risk management	Consultation with colleagues
Key stakeholders and advisers (accountants, main funders, Board)	Team meetings
Number of staff + overview of staff structure (e.g. organisational chart)	

Objectives

In your business plan you need to thoroughly explain the objectives and goals of your business and how you will satisfy the needs of your market (linking this to your market assessment, see below).

INFO / DATA TO COLLECT	WHERE TO FIND IT
Artistic objectives	Internal documentation (if agreed)
Educational / Social objectives	Individual submission from colleagues
Environmental objectives	Team meetings
Commercial objectives	
Market / Attendance	
Organisational objectives (e.g. business development, specific projects)	

Market Assessment

It is important to include an analysis of your current and potential market penetration (including your current and potential audiences / customers, their demands and access barriers as well as their demographics such as age, gender, geographical location, buying power, cultural habits and behaviour) as well as your potential for growth. It is useful to link this analysis to the most suitable channels of distribution and methods of communication with your audiences / customers.

Business insights and data is often lacking across the CCIs, which is why it is even more important to gather and analyse at least some data about your activities in a strategic, consistent and coherent manner – not just for your own benefit and business intelligence, but also for increasing the understanding about the CCIs and supporting wider sector advocacy.

INFO / DATA TO COLLECT	WHERE TO FIND IT
Numbers & profile of current audiences / customers	Internal research and reports
Catchment analysis	Internal data records/Box office
Potential audiences / customers	Regional marketing agencies
Local, regional and national audience trends	Local tourism departments
Marketing strategies	Data from other organisations in the area

Context Analysis

For a business to survive and be successful, it is crucial to have a good understanding of the wider context of your business and the external factors that might pose a risk and impact your business and its growth potential. This is often done through a PEST-C analysis (political, economic, social, technological and cultural factors) or a PESTLE analysis (political, economic, social, technological, legal and environmental factors).

If you cannot find this information from external sources (such as local cultural strategies or research reports), you might have to do more of your own research – which is less daunting than it might sound and is actually very useful, helping you to identify any relevant external factors and risks that might impact your business and think through their potential consequences.

INFO / DATA TO COLLECT	WHERE TO FIND IT
PEST-C / PESTLE analysis	Internal research and reports
Potential opportunities, threats	Local cultural strategies & policies
Competitors	Funding bodies and their policies
Risks analysis and management	Other cultural organisations in the same field and geographical area

Human Resources

It is important to include detailed information on your current human resources (including volunteers and Board members), such as their main areas of responsibilities and reporting lines, and present a good understanding of the skills needed – both currently and in the near future – to fulfil your business objectives and plans.

INFO / DATA TO COLLECT	WHERE TO FIND IT
Current structure – ‘who does what’	Internal records
Analysis of existing full- and part-time skills	HR manager (if there is one)
Voluntary expertise	Survey of staff to assess HR needs, challenges & skills gaps
Skills audit of the Board	
Audit of training and HR development (including new personnel) needs	

Other Resources

A business plan usually also details any other resources that are crucial to realising your business objectives and plans. The table below outlines commonly needed resources, but your specific business might also need others not mentioned here.

INFO / DATA TO COLLECT	WHERE TO FIND IT
Office / space	Internal records (minutes, memos)
Computers	Survey of staff
Systems to run operations	Team meetings
Materials / specific supplies / equipment / costumes	
Car / transport	
Etc!	

Implementation & Action

Depending on the audience of your business plan you might also want to include a section that ties together the previous sections of your business plan and provides more details on how exactly you are planning to implement your objectives over a specific period of time. An implementation or action section specifies concrete projects, milestones, responsibilities, timelines and resources needed to achieve each objective and your overall business development plans. It is important to schedule regular reviews of the status of implementation, determining if your objectives are being achieved.

Depending on your needs, this section could also be developed into a separate and even more detailed strategic document, such as a stand-alone Action Plan or a Project Plan for a specific project outlining what needs to be done, by whom, when and at what cost.

INFO / DATA TO COLLECT	WHERE TO FIND IT
Description of implementation activities (e.g. content and priorities of particular projects / products / services)	Internal records (minutes, memos)
Intended outcomes, how they link to your overall objectives and success criteria	Funding / financing applications
Tasks, targets, responsibilities, resource allocation, costings and time frame for each activity	Team meetings
Approach to monitoring progress and to evaluating success	

Financial History & Projections

Most funders and investors are particularly interested in your financial history and projections to ensure that your business and your plans for the near future are financially sound.

You need to make sure that your financial plan goes hand in hand with all other aspects of business planning, such as your business objectives, market assessment, contextual and risk analysis as well as your organisational plans (such as business development, staffing and specific projects you are planning to undertake).

If you do not have a finance manager or the internal capacity to draw up your financial history and projections, you can seek external help, e.g. from your accountant.

INFO / DATA TO COLLECT	WHERE TO FIND IT
Detailed income & expenditure accounts / profit & loss statements (often for up to 3 years, if available)	Internal records
Income & expenditure budget for next 3 years (showing the targeted expenditure to support your objectives)	Finance team / staff member (if there is one)
Cashflow analysis / forecast	Accountant

USING YOUR BUSINESS PLAN

As mentioned above, a business plan should be a living written document that is updated throughout the life cycle of your business. Your business plan also informs other important strategies and plans that your organisation might (or should) have, such as your Communications & Marketing Plan, Audience Development Plan, Fundraising Plan, Action Plan, Project Plans, Logistics & Operations Plan or Monitoring, Evaluation and Learning Plan. It is important that all your strategies and plans go hand-in-hand with each other and with your business plan as your overarching road map.

For example, planning and implementing the most efficient production process will be important for your business success. Furthermore, you can use your research and business insights to develop your Communications & Marketing Plan, to advertise your business and to increase and diversify your audiences / customers.

In addition to business planning for profit and growth, many businesses also have a **business contingency plan**. Contingency business planning (also known as business continuity planning or disaster planning) is the type of business planning that deals with crises and worst-case scenarios. A

business contingency plan helps businesses deal with sudden emergencies, unexpected events and new information that could disrupt your business. Depending on the audience of your business plan, the business contingency plan could be part of your overall business plan or a stand-alone document.

FREE BUSINESS PLANNING RESOURCES

You can find many free business plan samples and templates online, which give you useful insights into various types and formats of business plans and allow you to get started quickly with writing your own. There are even different types of business planning softwares.

However, the disadvantage of templates is that they often direct your focus to just getting the document done instead of focusing on the most important aspect of the whole process: the actual business planning. Furthermore, the templates you find online may direct your planning to match the format of the template instead of developing a business plan that is most suitable for you. Just be aware of this while searching online for samples and templates and carefully select templates based on your specific needs.

Below are some links for further reading and examples of free business planning resources:

GENERAL TIPS

- ✓ The Business Plan Guide: https://articles.bplans.com/writing-a-business-plan/?_ga=2.112386948.1803330639.1573498178-2008122295.1572385139
- ✓ How to write a Business Plan: <https://www.entrepreneur.com/article/247574>
- ✓ The 8 essential elements of an annual new business plan: <https://blog.hubspot.com/agency/annual-new-business-plan>
- ✓ 14 Exceptionally Useful Tools for Writing a Business Plan (including templates): <https://www.thebalancesmb.com/business-plan-writing-tools-2951568>

Tips for the Cultural and Creative Industries:

- ✓ Business plans: tips for arts, culture and the creative industries: <https://www.theguardian.com/culture-professionals-network/2015/may/29/business-plan-tips-arts-creative-industries>
- ✓ NESTA Creative Enterprise Toolkit: <https://www.nesta.org.uk/toolkit/creative-enterprise-toolkit/>
- ✓ Writing a Business Plan for your music career: <https://medium.com/the-entertainment-engine/part-2-how-important-is-a-business-plan-for-the-creative-industry-296b289ed834>
- ✓ Arts Council England business planning guidance for arts and cultural organisations (including business planning exercises): <https://www.artscouncil.org.uk/sites/default/files/download-file/Business%20Planning%20Guidance%20for%20arts%20and%20cultural%20organisations.pdf>

Tips for Non-Profit Organisations

- ✓ Non-Profit Business Planning (including templates): <https://www.growthink.com/businessplan/help-center/non-profit-business-plans>
- ✓ How to write a Non-Profit Business Plan: <https://articles.bplans.com/how-to-write-a-nonprofit-business-plan/>
- ✓ Sample Non-Profit Business Plans: <https://www.bridgespan.org/insights/library/strategy-development/sample-nonprofit-business-plans>

Tips for Startups and Small Businesses

- ✓ Create a Startup Business Plan in Easy Steps: <https://www.thebalancesmb.com/create-a-startup-business-plan-in-easy-steps-397548>
- ✓ How to Write a Business Plan for Your Startup: <https://www.quicksprout.com/how-to-write-a-business-plan-for-your-startup/>
- ✓ Business Plan Checklist: 5 Components Startups Must Include: <https://www.rocketpace.com/tech-startups/business-plan-checklist-5-components-startups-must-include>
- ✓ Business Plan Template for Small Businesses: <https://www.bplans.com/downloads/business-plan-template/>

CHAPTER 3: MONITORING, EVALUATION AND LEARNING FOR THE CCIS



INTRODUCTION

Monitoring, Evaluation and Learning (MEL) is an important continuous management function to assess if progress is made in achieving expected results, to spot bottlenecks in implementation, to highlight if there are any unintended effects from a project, to capture learnings, and to apply all these insights for continued improvement and accountability. MEL thus helps you make better informed decisions in line with your organisation's objectives, demonstrate results and accountability to funders and investors, influence change and ensure that the insights gained from an evaluation also serve for organisational and programme development.

MEL is an enormous field of research and practice and is very closely linked to project management strategies and results-based and adaptive management approaches. It is still a growing field and other related concepts have emerged in recent years, such as MEAL (Monitoring, Evaluation, Accountability and Learning) and MELA (Monitoring, Evaluation, Learning and Adaptation).

As MEL has grown in importance over the last decade, it has often significantly changed the focus from what organisations want to achieve to what they can measure. This trend has been complemented by an increasing emphasis on numbers over narratives. While being able to understand and measure the outputs, outcomes and impacts of your actions is important, this should not necessarily mean that MEL should take precedence over other parts of your organisation's work. On the contrary, MEL tools and systems should be

seen as helping to rationalise and improve the way organisations think about themselves and their own agency.

WHAT IS MEL?

Monitoring and evaluation are both concerned with the collection, analysis and use of information to enable decisions to be made and encourage systematic learning.

DEFINITION OF MONITORING

Monitoring is a continuous process by which stakeholders obtain regular feedback on progress towards achieving set milestones and results (often focusing more on process, activities, inputs and outputs).

Monitoring does not only focus on specific projects or programmes, but can also include reviewing an organisation's overall human, financial and physical resources.

Evaluations aim to influence change through critical reflection on what works and why, to inform immediate and future actions and to increase the effectiveness of projects, programmes and organisations.

DEFINITION OF EVALUATION

Evaluation is the periodic review of the results of a project/programme (typically carried out at mid-term or at completion) towards its planned outcomes and higher-level objectives.

As you can tell from the above definitions, both monitoring and evaluation processes contribute to the ongoing review and revision of project and programme implementations, thereby enhancing their effectiveness. M&E also enhances learning and encourages innovation to achieve better results and contribute to scaling up of projects and programmes. Hence, to encourage learning more qualitative and participatory M&E approaches become particularly important.

DEFINITION OF LEARNING

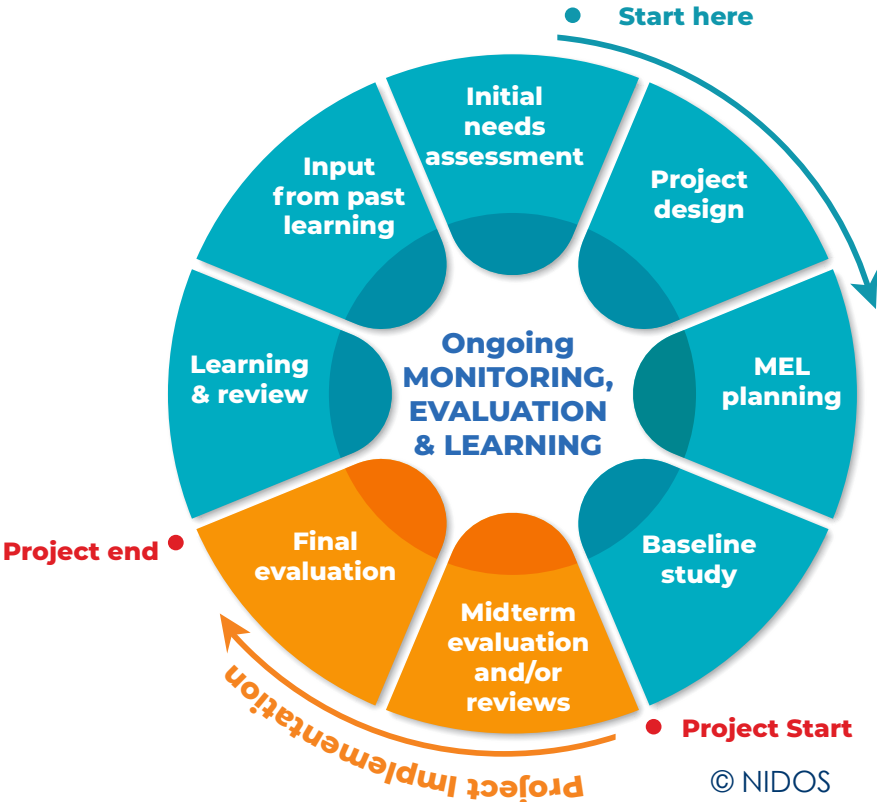
In the context of M&E, learning is defined as regularised reflection on what has worked and what has not and making sense of these insights to improve project, programme and organisational performance and development.

Unfortunately, learning aims are often given less priority than the monitoring and evaluation purposes of MEL systems. But collecting, analysing and making sense of data is a great **learning opportunity for your organisation**. At project or **programme level**, you will learn what works well in a particular context or what does not work well, which aspects of a project or programme have more influenced the achievement of results and which strategies can be replicated. At **organisational level**, you can compare results across different projects to determine which ones contribute to achieving your organisation's mission or you can aggregate learning from different projects to guide the strategic development of new projects and funding opportunities. Hence, it is very important and useful to share learning between projects and programmes and build networks across your organisation and different teams or even with other organisations in your industry.

Any MEL you undertake should not just be a compulsory exercise to satisfy funding requirements, but also be useful for your organisation, your partners and the communities you work with. It should always take into account:

- ✓ The stated aims of your project / programme / activity / event / organisation;
- ✓ What the expected impacts are; and
- ✓ Who is expected to benefit.

The below image illustrates the usual **MEL cycle** from initial project and MEL design to the project start to learning opportunities after the project has ended, highlighting the need to plan your MEL approach before a project starts (more on this in the section on MEL good practice below).



© NIDOS

WHY IS MEL SO IMPORTANT?

There are a number of reasons why MEL is so crucial:

- ✓ The processes of monitoring, evaluation and learning are important steps in adaptive and results-based management approaches, which are intended to aid strategic planning and evidence-based decision-making towards explicit goals.
- ✓ MEL planning helps to focus on results that matter, and MEL implementation helps to capture and share learnings from past successes and challenges.
- ✓ MEL is an important continuous management function to track processes and assess if progress is made in achieving expected results.
- ✓ MEL helps you spot bottlenecks in implementation and adapt to changing circumstances.
- ✓ MEL enables you to make better informed decisions and undertake corrective actions in line with your organisation's mission and project or programme objectives (e.g. decisions about what should be replicated or continued and what should be stopped or avoided). As such it helps improve your practice and achieve better and more intentional results.
- ✓ MEL highlights if there are any unintended (both positive and negative) effects from a project.
- ✓ MEL supports you in influencing improvements and change. If you apply insights gained from MEL for continued improvement and to encourage change, they can also serve for project, programme and wider organisational development.
- ✓ MEL provides you with data and tools to demonstrate results to funders and investors and to be more accountable to them and yourself.
- ✓ MEL gives you insights and data that are useful tools for advocacy, both for your organisation but also the CCI's more broadly.

Hence, as MEL provides important information on your activities and ensures higher project / programme / organisational performance and accountability, it is a key tool for successful projects / programmes / organisations.

MEL JARGON

The below list clarifies the most used MEL terms.

Inputs

Inputs refer to the human and material resources needed to undertake and implement an activity, project or programme (e.g. specific staff members, project budget, equipment and event or office space).

Activities / Processes

Activities or processes are actions and tasks undertaken to transform inputs into outputs, i.e. to deliver your project / programme goals (e.g. training workshops, audience / customer / community interaction or event planning and delivery).

Outputs

Outputs are deliverables of a project, programme or organisation and thus the first level of associated results (e.g. new products and services or a specific event).

Outcomes

Outcomes represent the second level of results and describe intermediate or medium-term effects for beneficiaries of an activity, project, programme or organisation (such as new skills, changes in institutional capacities or increased access to culture).

Impact / Goals

Impact or goals refer to the third level of results and thus the long-term consequences that your project, programme or organisation is expected to have (for example, its long-term influence on your industry or the specific community you work with, an increased appreciation of a certain form or expression of culture and more opportunities due to policy change).

Results

The term 'results' describes the combination of all three levels mentioned above (outputs, outcomes and impact) and thus determines overall project / programme / organisational success (based on criteria agreed upon at the beginning of the MEL process).

MEL System / M&E Framework / MEL Plan

An M&E framework is a document describing the indicators that are used to measure the level of success of an activity, project or programme at each level along the results chain (outputs, outcomes and impact). For each indicator the M&E framework also outlines a baseline, target, data source, measurement frequency, who is responsible for measuring it and where and how it will be reported.

The M&E framework is then operationalised through a more detailed MEL plan, which describes how the whole MEL system for a project, programme or even an organisation works (e.g. which overarching questions need to be answered, who is responsible for what, which tools will be used to measure each indicator and gather the necessary data, how will the data flow through the organisation and who will make decisions on using and disseminating the data).

Key Performance Indicators

M&E frameworks are usually composed of a set of results, measured by key performance indicators through tailored M&E tools. For example, indicators for audience development could include: Demographics (age groups, cultural/ethnic groups, gender, geographical location); frequency of participation / attendance; ticket sales (or numbers of participants / audiences / customers), media coverage and social media engagement; appreciation of and knowledge about arts, culture and heritage.

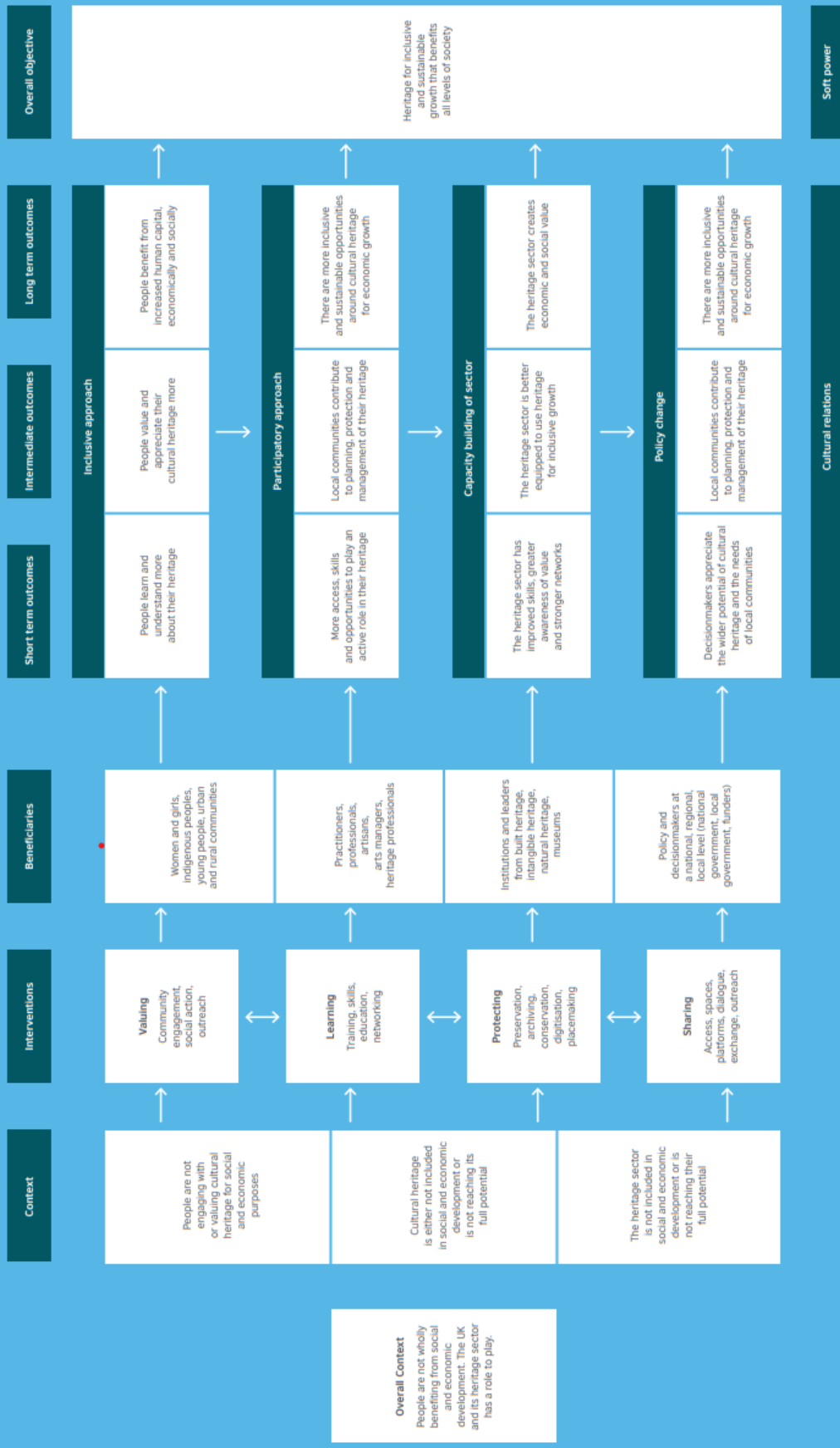
Theory of Change

A Theory of Change is a comprehensive description and illustration of how and why a desired change is expected to happen in a particular context. It defines long-term goals or a desired long-term impact and then maps the causal chain backwards, including necessary preconditions, underlying assumptions and the wider context of your project / programme / organisation that you cannot control. A Theory of Change thus also shows the bigger, complex, real-world picture and goes beyond a simplistic input-outcome notion of evaluation. By mapping out the logical sequence of a project or a programme from inputs and activities to outputs, outcomes and long-term impact while at the same time recognising its complex context and contributing factors that might not be directly related to your intervention, it is a useful tool to design and evaluate projects.

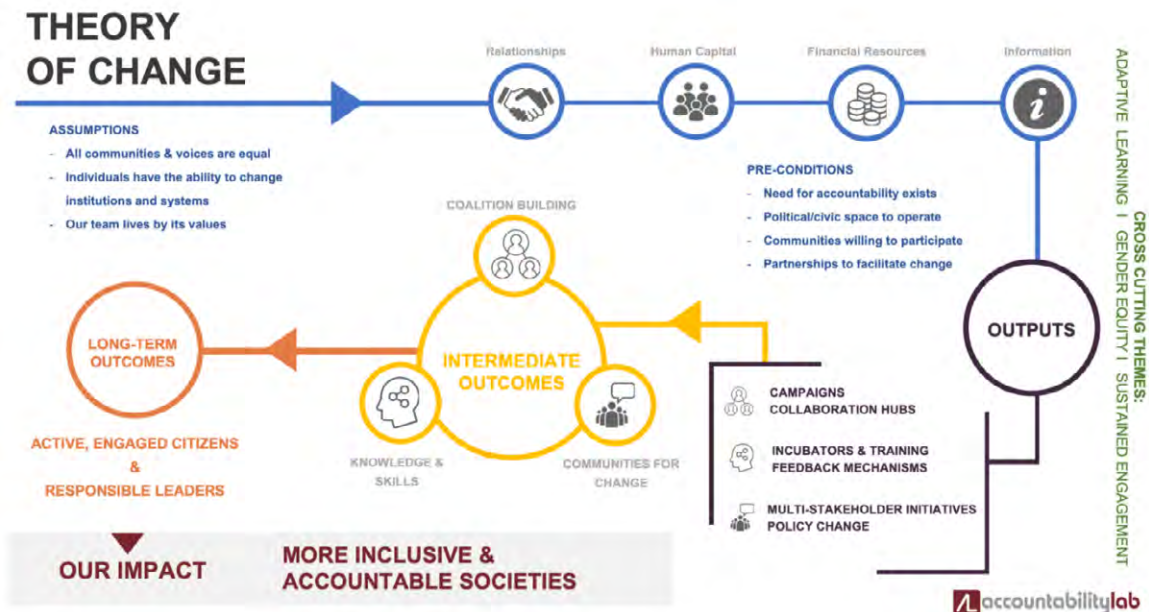
The two images below show two different types of Theories of Change. The first one is a programme Theory of Change for a cultural heritage programme by the British Council:

Theory of Change

The British Council seeks to pioneer ways of creating inclusive and sustainable growth in countries overseas through heritage. It aims to include local communities in the benefits of that growth and in the sharing and protecting of their heritage. This work helps to promote the economic development and welfare of developing countries whilst building trust and understanding with the UK.



The second one is an organisational Theory of Change of an organisation called Accountability Lab, illustrating the impact they are seeking to achieve through all their work. This Theory of Change very clearly states the assumptions made about the channels of influence and the preconditions needed for the organisation's success:



Results Framework / Logical Framework

Like a Theory of Change, Results and Logical Frameworks provide a visual representation of an identified need and the changes or results you want to achieve through an activity, project or programme. However, unlike the Theory of Change, Results and Logical Frameworks are used to focus only on the key features of your specific project or programme (irrespective of their wider context) and describe the logical linkages between your inputs, activities, immediate outputs, medium-term outcomes and long-term impact. The terms Results and Logical Framework are often used interchangeably across different organisations and the difference between them is not always clear-cut. But usually a **'Results Framework'** gives further details on the hierarchy of objectives and the causal logic of your project or programme and organises its expected results into a series of linear "if-then" relationships. A **'Logical Framework'** (or logframe) goes even deeper into the hierarchy of objectives and links objectives to key performance indicators and means of verifying results, usually shown in a linear matrix. As such, the latter is often used as a monitoring tool.

MEL GOOD PRACTICE

To follow good MEL practice, you should consider the following key points when designing and implementing MEL.

- ✓ Set up an MEL system when designing a project.

The design of an MEL system should begin at the same time as overall project preparation.

✓ ***Get stakeholders engaged in MEL.***

As a general rule, the MEL system should be designed in close partnership with all relevant stakeholders as this helps to ensure that the project objectives and targets, and how they will be measured, are well understood and shared. Furthermore, getting stakeholders engaged in and assuming ownership of the implementation of MEL renders MEL more participatory and effective.

✓ ***Distinguish clearly between outputs, outcomes and higher-level / longer-term impact.***

It is essential to establish a clear distinction at project design stage between outputs, outcomes and other higher-level and long-term objectives, goals and desired impact. This will ensure that selected key performance indicators are appropriate to their respective level along the results chain in the Theory of Change and help determine institutional responsibilities and timelines.

✓ ***Define clear and appropriate results indicators and target values in your M&E Framework.***

Good practice of MEL during implementation requires that result indicators and target values are well-defined and agreed upon in the M&E Framework at the start of a project or programme.

✓ ***Clarify from the beginning what your MEL tries to achieve and be conscious of any factors that might help or hinder MEL processes.***

To make your MEL process as effective and transparent as possible, it is important to be clear about what your MEL tries to achieve and about any factors that might impact your MEL process, even external factors that are beyond your control. This means, be very explicit about decision-points, processes, barriers to and limitations of your MEL as well as behaviours that the MEL process aims to influence.

✓ ***Be clear about the assumptions you make about the channels of influence and the external preconditions needed for a project's or organisation's success.***

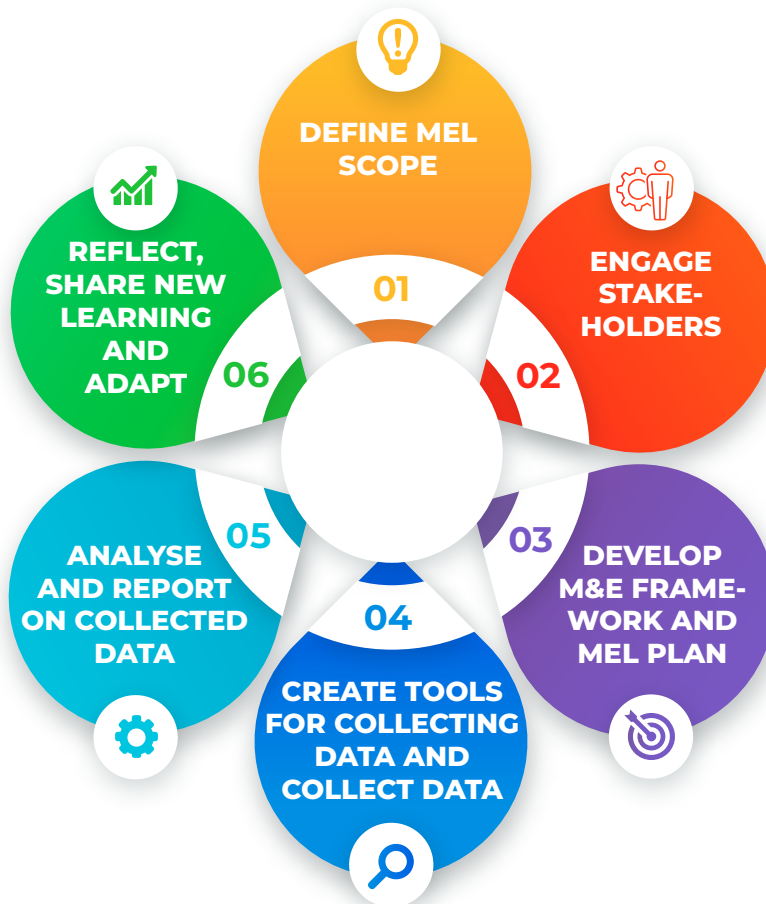
Outlining underlying assumptions which will affect your project's or organisation's success is crucial, as it effectively protects you from changing circumstances outside of your control, which can be important contractually (e.g. with some donors).

✓ ***Do not underestimate the task and effort required to develop and implement a suitable MEL system.***

It requires a certain skillset and mindset to develop and implement a good MEL system and if you do not have the time or capacity in-house, it might be worth seeking external help (at least to set up the system initially).

MEL APPROACHES

Your approach to MEL – its type, design, scope and depth as well as the tools you use – depends very much on your organisation and on what you seek to monitor, evaluate and learn from (e.g. if it is a once-off activity / event or a multi-year programme). But irrespective of your specific approach, your MEL process would usually follow the below key steps:



Whether you choose to conduct MEL internally or engage someone external to your organisation also depends on the type and scope of your MEL. Both have advantages and disadvantages (such as the guarantee of independent research and analysis but higher cost with external MEL). Some funders, however, expect to see an independent evaluation report at the end of a project or funding cycle.

In general, there are two levels of MEL – organisational MEL and project / programme MEL – and two broad categories of evaluations – formative and summative evaluations. However, these can be undertaken in a number of different ways and the specific characteristics and benefits of various approaches as well as their terminology are also debated both in academia

and practice, so that there is sometimes overlap between different approaches. The below describes the most common approaches and their usual application.

Organisational MEL

At organisational level, your MEL will focus on monitoring and evaluating the performance of your organisation as a whole and on learning from past successes and challenges. The areas considered in organisational MEL include:

- ✓ Your organisation's mission;
- ✓ Your organisational structure;
- ✓ Your planning, implementation and MEL processes;
- ✓ The relevance of your activities and projects to your mission; and
- ✓ Your organisational capacity.

Project / Programme MEL

Project or programme MEL usually focuses on monitoring and evaluating the following aspects of a specific project or programme and on the learning generated throughout a project or programme for future project / programme design and implementation:

- ✓ Targets
- ✓ Results
- ✓ Changes
- ✓ Challenges
- ✓ Risks

Formative Evaluation

Formative evaluations are usually undertaken early in the implementation of a project or programme to examine the delivery of the initiative (including its procedures, processes and personnel) and to inform stakeholders about the trends in results, whether the goals of the project or programme are likely to be fulfilled, and to identify the barriers and facilitators of implementation. If monitoring reports indicate crucial issues or variances with regards to targets that cannot be explained, a formative evaluation might also help to determine the reasons. The results of the formative evaluation can then inform mitigation strategies or necessary project / programme adjustments to improve project / programme implementation. These evaluations are usually less formal and more likely to be internal.

Summative Evaluation

In contrast to formative evaluations, summative evaluations examine a project's, programme's or organisation's results (whether they are short-term, intermediate or long-term) and can thus be undertaken at different stages of a project, programme or an organisation's lifetime. The findings and insights are then used to make improvements to the project / programme / organisation (e.g. its design, structure, content and implementation) and to inform decisions regarding an initiative's continuation, reduction, expansion, termination or adoption elsewhere.

Summative evaluations can also assist in judgments of a project or programme's overall merit based on certain criteria and are thus more often undertaken externally. They are also often published.

Some more **comprehensive evaluations** combine both process (formative) and outcome (summative) questions.

Efficiency Assessment (Cost/Benefit Analysis)

An efficiency assessment (or cost/benefit analysis) generates useful quantitative data that measures the efficiency of a project / programme and is used to determine the value or benefit of a project / programme in relation to its cost. This data is like an audit and provides useful information to funders and sponsors who often want to see what benefits their money brings to beneficiaries. Typically, this type of evaluation is undertaken after a project or programme has been in place for some time so that actual outcome data is available, but it could also be conducted at the beginning of a project / programme to avoid inefficiencies.

Economic Impact Studies

An economic impact study quantitatively assesses the economic benefits of a particular project, programme, organisation or even industry for a specific (usually the surrounding) community or region. This may include their direct, indirect and induced impact on employment, tax revenue, and other measures associated with change in economic activity resulting from the project, programme, organisation or industry.

Social Impact Studies

Social impact studies focus on monitoring, evaluating and managing the intended and unintended social consequences, both positive and negative, of a project / programme / an organisation's work. Depending on their scope and duration, they might include archaeological and cultural heritage impacts (both tangible and non-tangible); community impacts; cultural impacts; demographic impacts; development impacts; gender impacts; health and mental health impacts; impacts on indigenous rights; institutional impacts; leisure and tourism impacts; political impacts (human rights, governance, democratisation etc); impact on poverty; psychological impacts; resource issues (access and ownership of resources); impacts on social and human capital; and other impacts on societies.

Participatory MEL

Participatory MEL is about involving project / programme participants directly throughout the whole MEL process (from design to post-implementation and use of the information). It can add value in two ways: To ensure that relevant information and evidence is gathered from those who are immediately affected by the project / programme, and to increase accountability to the participants (who have a direct interest in implementation success). The process of participation further increases ownership over the activities and the likelihood of project / programme sustainability and replication. Hence,

it is important to incorporate stakeholders at all levels to ensure that they contribute to and benefit from knowledge generation and sharing.

MEL TOOLS

The creation of appropriate and easy-to-use MEL tools is crucial as it ensures that useful, credible and rigorous evidence is collected, that learning is encouraged and more sustainable, and that the whole process goes much more smoothly. When designing your MEL tools and planning your data collection and analysis, do not forget to follow standard research ethics (such as explaining the context of the data collection and asking for consent before using someone's information) as well as standard data protection.

M&E Tools

For each selected key performance indicator, means of verification in the form of M&E tools have to be defined. It is important to match these tools to the objectives of the M&E to ensure that all necessary data is collected and that all the questions set out in the MEL Plan can be answered. The following two tables give examples of the most common quantitative and qualitative tools used in M&E.

QUANTITATIVE TOOLS
Surveys & questionnaires
Scorecards (e.g. on audience counts or media mentions)
Dartboard (a quick and simple method for participants to rate the delivery of an event or activity)

QUALITATIVE TOOLS
Semi-structured interviews
Focus / discussion groups
Surveys & questionnaires
Case studies / testimonials
Workshops & roundtables with stakeholders
Field monitoring visits

Besides the above tools, organisations and businesses in the CCIs also tend to – and are encouraged to – use more creative ways of gathering data, such as mindmaps or post-it notes to capture feedback from live audiences or storytelling to share outcome findings. A festival in the UK, for example, also commissions an artist every year to make a piece of work about their

programme which shows in often unusual and abstract ways what people think of the festival. This is to say that there are no limits to your creativity when designing your tools and engaging with the MEL stakeholders, as long as you are able to capture the data you need to assess progress and success and to inform learning.

Learning and Knowledge Sharing Tools

In terms of learning and knowledge sharing, the risk is often that the learning stays with the people who were directly involved in a project or programme and that the learning is thus not shared with the organisation internally and its wider community externally, which then leads to it being lost when these specific people leave the project or organisation. Hence, it is important to ensure there is appropriate documentation of processes and end-of-project reports (written reports or photos, videos, etc.) and appropriate storage of and easy access to MEL outputs (e.g. electronic or paper-based filing) in order to maintain the learning within your organisation when key staff members leave. It is also crucial to keep in mind that learning is not an end in itself, it is rather a means-to-an-end, which is to improve results and effectiveness of a project, programme or organisation, and positively impact its peers and community.

The list below highlights some common tools to capture learning and share knowledge:

- ❖ **Mind maps**
- ❖ **Outcome mapping:** a visual tool to track progress and identify change as you go along.
- ❖ **Activity-based knowledge mapping:** enables knowledge inputs and outputs to be linked in a systematic fashion in diagrams.
- ❖ **Platforms / tools for reflection, such as after-action reviews and retrospect:** Platforms and tools for reflection enhance learning while doing and learning after doing; usually by bringing together a team to discuss projects and lessons learned via questions such as: What did you set out to achieve? What went well and why? What could have gone better?
- ❖ **Dedicated intranet strategies:** e.g. a shared network drive or specific knowledge base software as well as clear guidelines on what kind of information, data and learning to store where and who has permission to access it.
- ❖ **Blogs**
- ❖ **Communities of practice:** These are groups of people informally bound together by a shared expertise or passion for a joint enterprise. Some communities of practice meet regularly (for example, once a week for lunch), while others are connected primarily via online platforms or networks. Communities of practice may or may not have an explicit agenda when they meet or engage online, and even if they do, they may not always follow the agenda closely. Whichever way these groups are organised, people in communities of practice usually share their experiences and knowledge in free-flowing ways, which enhances learning and can even foster new approaches to problems.

FREE MEL RESOURCES

You can find free samples and templates of MEL Frameworks and Plans online, which give you useful insights into various types and formats of MEL plans and allow you to get started quickly with writing your own. However, the disadvantage of templates is that they often direct your focus to just getting the document done instead of focusing on the most important aspect of the whole process: the actual planning of your MEL system. Furthermore, the templates you find online may direct your MEL planning to match the format of the template instead of developing an approach that is most suitable for you and what exactly you seek to monitor, evaluate and learn. Just be aware of this while searching online for samples and templates and carefully select templates based on your specific needs.

Below are some links for further reading and examples of free MEL planning resources:

General Tips

- ✓ Evaluation 101: http://www.ascevaluation.ca/Documents/Toolkits/Evaluation101_GOALToolkit_Artreach.pdf
- ✓ Top Tips for successful evaluation planning: <https://www.theaudienceagency.org/resources/top-tips-for-successful-evaluation-planning>
- ✓ A step-by-step approach for evaluating your arts programme's outcomes: <http://youtharts.artsusa.org/evaluation/approach.html>
- ✓ Choosing Appropriate Evaluation Methods: <https://www.bond.org.uk/resources/evaluation-methods-tool>
- ✓ Impact Evaluation – a guide for commissioners and managers: https://www.bond.org.uk/sites/default/files/resource-documents/impact_evaluation_guide_0515.pdf
- ✓ Social impact indicators: <http://animatingdemocracy.org/social-impact-indicators>
- ✓ Templates to help you monitor and evaluate your programme: https://evaluationtoolbox.net.au/index.php?option=com_rubberdoc&view=category&id=22&Itemid=55
- ✓ The BetterEvaluation Resource Library contains over 3,000 curated and co-created resources related to managing, conducting, using, and strengthening capacity for evaluation: <https://www.betterevaluation.org/en/about-resource-library>

MEL Plan / M&E Framework / Theory of Change / Logical Framework

- ✓ Theory of Change for organisations: https://www.bond.org.uk/sites/default/files/resource-documents/organisational_theory_of_change_bond_10.pdf
- ✓ M&E Plan Template: <https://tools4dev.org/resources/monitoring-evaluation-plan-template/>
- ✓ How to write a M&E Framework (including a template and a sample): <https://tools4dev.org/resources/how-to-write-a-monitoring-and-evaluation-framework/#:~:text=An%20M%26E%20framework%20is%20one,see%20our%20M%26E%20plan%20template>

- ✓ Tutorial on writing your M&E Framework: <https://tools4dev.org/resources/online-course-how-to-write-a-monitoring-evaluation-framework-step-by-step-lessons/>
- ✓ Logical Framework Template: <https://tools4dev.org/resources/logical-framework-logframe-template/>

Tips and Tools for Data Collection:

- ✓ Ethical guidelines for surveys: https://www.goodpush.org/sites/default/files/2019-01/Goodpush_Ethical%20Guidelines.pdf
- ✓ Evaluation in participatory arts programmes: https://www.creativepeopleplaces.org.uk/sites/default/files/Evaluation_in_participatory_arts_programmes.pdf
- ✓ Participatory Methods: <https://www.participatorymethods.org/>
- ✓ Art-based evaluation: http://www.ascevaluation.ca/Documents/Toolkits/GOAL_ArtBasedEvaluation.pdf
- ✓ Daily / Monthly headcount template: [Daily/Monthly Headcount Template \(Excel\)](#)
- ✓ Tool selector: https://evaluationtoolbox.net.au/index.php?option=com_content&view=article&id=51&Itemid=5
- ✓ Evaluation Toolkit – A user-friendly guide to evaluating arts and well-being projects: <http://www.artsandhealth.ie/wp-content/uploads/2011/08/Artspulse-Evaluation-Toolkit.pdf>
- ✓ Monitoring and Evaluation in Art for Social Change Toolkit: <http://www.ascevaluation.ca/>

03

SECTION III: Taxation Basics for the Cultural and Creative Industries

CHAPTER 4: FILING INCOME TAX RETURNS

INTRODUCTION

As a practitioner in the cultural and creative industries, this module is your first step toward learning how to complete the return filing process through the I-Tax platform. Upon completion of this module, you should be able to file returns as an Individual as well as a body corporate.

PIN HOLDER WITHOUT ANY INCOME	NIL RETURNS
PIN HOLDER WITH INCOME RETURNS	EMPLOYMENT INCOME RETURNS
PIN HOLDER WHO ARE CONSULTANTS AND BUSINESS OWNERS	CONSULTANCY/ BUSINESS INCOME RETURNS

PIN HOLDERS WITHOUT INCOME

All individuals and registered businesses - holders of Personal Identification Number (PIN) certificates - are required to file income tax returns by the last day of the six months after the end of the financial for businesses and by 30th of June every year despite making no income in the financial year.

The requirement to submit a return for PIN holders is hinged on the Income Tax Act.

Steps to follow when submitting tax returns:-

PIN HOLDERS WITHOUT INCOME - STEP I



Visit the Kenya Revenue Authority portal - URL Provided
<https://itax.kra.go.ke/KRA-Portal/>

- Input your 11 digit PIN/User ID e.g A00000059A
- Click on the Continue

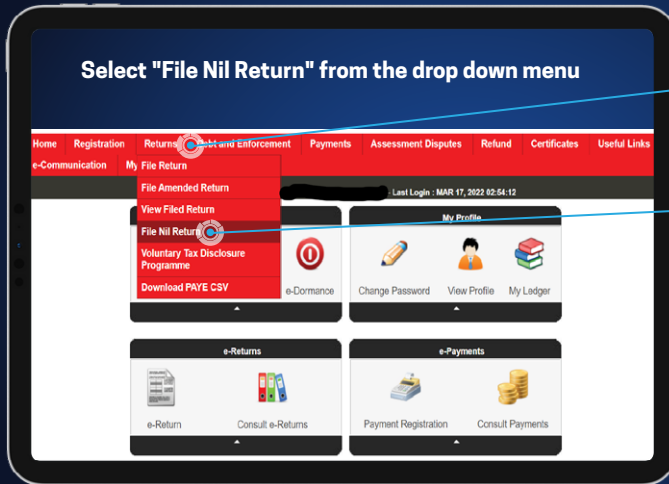
PIN HOLDERS WITHOUT INCOME - STEP II



Log in onto the iTax platform

- Insert Password
- Complete the arithmetic equation
- Click on the login Button

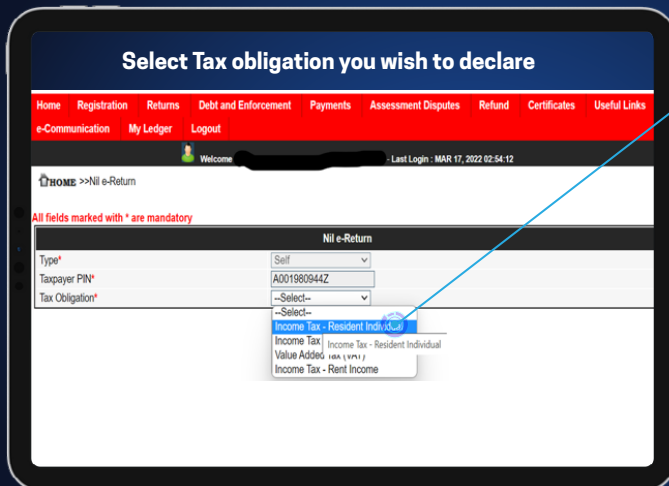
PIN HOLDERS WITHOUT INCOME - STEP III



Place cursor on the Returns button

Select "file Nil Return" from the drop down menu

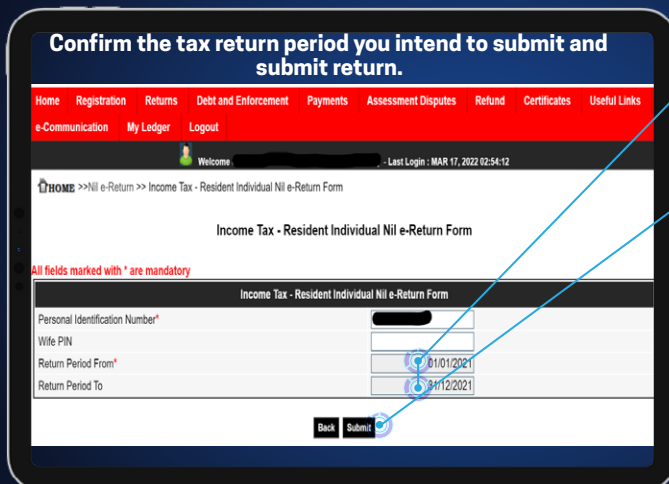
PIN HOLDERS WITHOUT INCOME - STEP IV



Select Tax Obligation

Select "Next" button

PIN HOLDERS WITHOUT INCOME - STEP V



If it's the first time you are filing return, adjust the return period.

Select "Submit" button

The acknowledgment receipt will be sent to your email, alternatively, download the acknowledgement receipt

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY

All employed individuals who are registered PIN holders are required to file Income Tax Returns by the 30th day of June every year making a full declaration of the income generated from the employment.

Steps to follow when submitting returns:-

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP I

Obtain the P9 Form from the employer

P9A DOMESTIC TAXES DEPARTMENT TAX DEDUCTION CARD YEAR 2020

Employer Name: ABC Limited
 Employee's main Name: Doe
 Employee's Other Names: John Doe

Employers PIN: P00000024C
 Employee's PIN: A00000089A

MONTH	Basic Salary Kshs.	Benefits - Non-Cash Kshs.	Value of Quarters Kshs.	Total Gross Pay Kshs.	Defined Contribution Retirement Scheme Kshs.			Owner-Occupied Interest Kshs.	Retirement Contributions & Owner-Occupied Interest Kshs.	Chargeable Pay Kshs.	Tax Charged Kshs.	Personal Relief + Insurance Relief Kshs.	PAYE Tax (P-10) Kshs.	
					E1 30% of A.	E2 Actual	E3 Fixed							
											Total Kshs.		Total Kshs.	
January	48,423			48,423	14,527	200	20,000		200	48,223	8,531	1,408	7,123	
February	48,423			48,423	14,527	200	20,000		200	48,223	8,531	1,408	7,123	
March	48,423			48,423	14,527	200	20,000		200	48,223	8,531	1,408	7,123	
April	24,212			24,212	7,263	200	20,000		200	24,012	2,402	2,400	2	
May	24,212			24,212	7,263	200	20,000		200	24,012	2,402	2,400	2	
June	24,212			24,212	7,263	200	20,000		200	24,012	2,402	2,400	2	
July	24,212			24,212	7,263	200	20,000		200	24,012	2,402	2,400	2	
August	24,212			24,212	7,263	200	20,000		200	24,012	2,402	2,400	2	
September	24,212			24,212	7,263	200	20,000		200	24,012	2,402	2,400	2	
October	24,212			24,212	7,263	200	20,000		200	24,012	2,402	2,400	2	
November	24,212			24,212	7,263	200	20,000		200	24,012	2,402	2,400	2	
December	24,212			24,212	7,263	200	20,000		200	24,012	2,402	2,400	2	
TOTALS	865,175			865,175	109,952	2,400	240,000		2,400	860,775	47,210	25,824	21,886	

To be completed by Employer at end of year. TOTAL CHARGEABLE PAY (COL. H) Kshs. 360,775

DISCLAIMER
 1. Use P9A (a) for all salaried employees and where director/employees received benefits in addition to cash emoluments.
 (b) Where an employee is eligible to deduction on owner-occupied interest.
 2. (a) Monthly interest report of any month must not exceed Kshs. 25,000 or Kshs. 300,000 per year.
 (See back of this card for further information required by the Department).

TOTAL TAX (COL. I) Kshs. 21,886
 (i) Attach copy of interest certificate and statement of account from the Financial Institution.
 (ii) The DECLARATION duly signed by the employee.
NAME OF FINANCIAL INSTITUTION ADVANCING MORTGAGE LOAN
NAME OF OWNER OCCUPIED PROPERTY
DATE OF OCCUPATION OF HOUSE

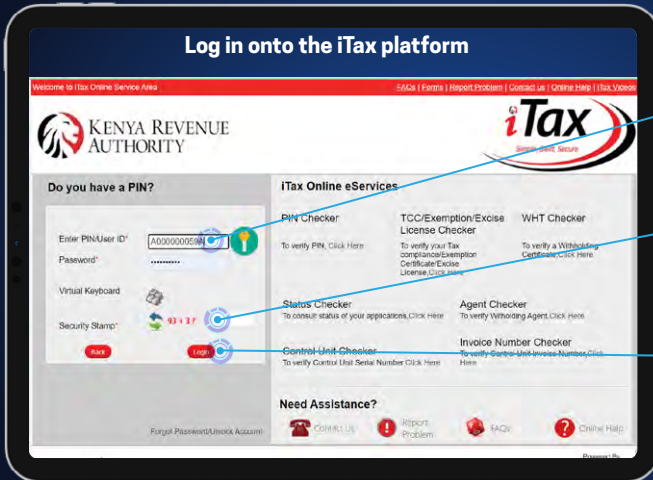
HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP II

Visit the Kenya Revenue Authority portal - URL Provided
<https://itax.kra.go.ke/KRA-Portal/>

Input your 11 digit PIN/User ID e.g A00000059A

Click on the Continue

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP III



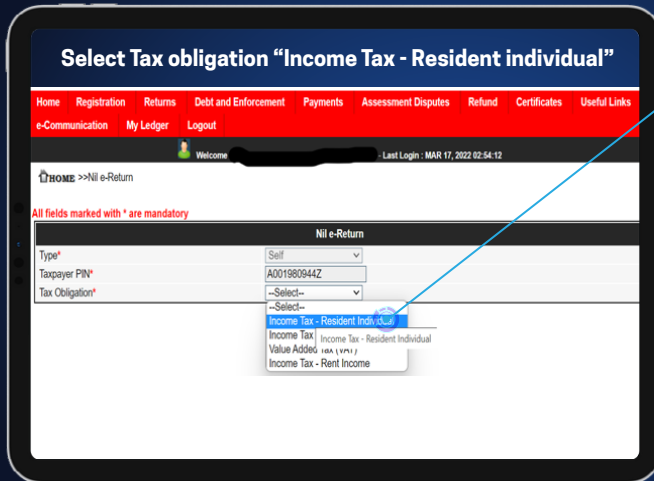
- Insert Password
- Complete the arithmetic equation
- Click on the login Button

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP IV



- Select "File Return" from the drop down menu

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP V



- Select Tax Obligation
- Select "Next" button

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP VI

Download the Income Tax - Resident Individual Excel Return

Home Registration Returns Debt and Enforcement Payments Assessment Disputes Refund Certificates Useful Links
e-Communication My Ledger Logout

Welcome [Name] Last Login: MAR 17, 2022 03:04:51

HOME >> Returns >> Income Tax - Resident Individual Form

Income Tax - Resident Individual Form

Steps to follow

1. Click on one of the links below to download the Return form
2. Fill the Excel/ODS Return form
3. Provide the details requested below
4. Upload the Excel/ODS Return form using Browse button
5. Click on submit to file returns (Version 18.0.3)

Click here to download Income Tax - Resident Individual Form(Excel)
Click here to download Income Tax - Resident Individual Form(ODS)

All fields marked with * are mandatory

Income Tax - Resident Individual Form

Type of Return*

Return Period From*

Return Period To

Upload Form* No file chosen

Allowed File Type: .zip

Download the Excel file from the iTax platform by clicking the link

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP VII

Fill the Basic Information in Excel Return

KENYA REVENUE AUTHORITY Resident Individual Income Tax Return Version 18.0.4

Section A Part 1: Return Information

Field	Value
Personal Identification Number *	A00000059A
Type of Return *	Original
Return Period From *	01/01/2021
Return Period To *	31/12/2021
Do you have any income other than employment income? *	No
Do you have partnership income? *	No
Do you have estate trust income? *	No
Has your employer provided you with a car? *	No
Do you have a mortgage? *	No
Do you have a Home Ownership Savings Plan? *	List: Select data

Fill out the Excel, by indicating your PIN number

Indicate the type of return, Original/ Amended

Period of Return

Respond to the other questions

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP VIII

Fill the Employer Details and Gross Income

Section F: Details of Employment Income

PIN of Employee	Name of Employee	Gross Pay (Ksh) (A)	Allowances and Benefits from Employment (Other than Car and Housing) (Ksh) (B)	Value of Car Benefit (Total of "Value of Car Benefit" from L1 Completion, of Car Benefit)(Ksh) (C)	Net Value of Housing (Ksh) (D)	Pension if in excess of 300,000 (Ksh) (E)	Total Employment Income (Ksh) (F) = (A)+(B)+(C)+(D)+(E)
A00000059A	John Doe	3,000,000.00	0.00	0.00	0.00	0.00	3,000,000.00

Section F: Details of Employment Income (Wife)

PIN of Employee	Name of Employee	Gross Pay (Ksh) (A)	Allowances and Benefits from Employment (Other than Car and Housing) (Ksh) (B)	Value of Car Benefit (Total of "Value of Car Benefit" from L1 Completion, of Car Benefit)(Ksh) (C)	Net Value of Housing (Ksh) (D)	Pension if in excess of 300,000 (Ksh) (E)	Total Employment Income (Ksh) (F) = (A)+(B)+(C)+(D)+(E)
							0.00

PREVIOUS NEXT

Indicate the Pin number and Name of employer from the P9 Form

Indicate the gross pay earned as an employee, from P9 Form

Click on the "Next" Button

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP IX

Fill Employers Details, Taxable pay, Tax Payable and Tax Paid

a. Indicate Pin number from drop down menu, and Name of Employer

b. Insert the taxable pay which is net pay less pension contribution and owner occupier interest deductions

c. Taxable pay for the year before tax relief (Insurance relief and Personal Relief)

d. Tax amount remitted to the Kenya Revenue Authority

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP X

Fill in details of Pension, Personal Relief and Generate an upload file

Include Pension I Contribution up to a Maximum of Ksh. 240,000 Per annum

Include the personal relief amount of not more than Ksh. 28,800

Validate and generate upload file - saved in my documents folder

HOW TO FILE INCOME TAX EMPLOYMENT INCOME ONLY - STEP XI

Upload file and Submit returns

1. Click on one of the links below to download the Return form
 2. Fill the Excel/ODS Return form
 3. Provide the details requested below
 4. Upload the Excel/ODS Return form using Browse button
 5. Click on submit to file returns (Version 18.0.3)
- [Click here to download Income Tax - Resident Individual Form\(Excel\)](#)
[Click here to download Income Tax - Resident Individual Form\(ODS\)](#)

All fields marked with * are mandatory

Select file to upload from my documents

Agree to the terms and Conditions

Click on the "submit" button to file return

HOW TO FILE INCOME TAX RETURN FOR REGISTERED BUSINESSES

There are several ways in which persons can carry out business in Kenya. The common forms of business are listed here below:-

- Sole proprietorship;
- Partnerships
- Companies

For a business to successfully submit Income Tax Returns, they will require the Audited Financial Statements (Income statement and the statement of financial position), especially for Companies. It is against this that the Income Tax Return is prepared and the tax computation completed.

Illustrated below are the steps to follow when preparing Income Tax Returns for a business:-

HOW TO FILE INCOME TAX RETURN FOR REGISTERED BUSINESSES - STEP I

Visit the Kenya Revenue Authority portal - URL Provided <https://itax.kra.go.ke/KRA-Portal/>

Input your 11 digit PIN/User ID e.g A00000059A

Click on the Continue

HOW TO FILE INCOME TAX RETURN FOR REGISTERED BUSINESSES - STEP II

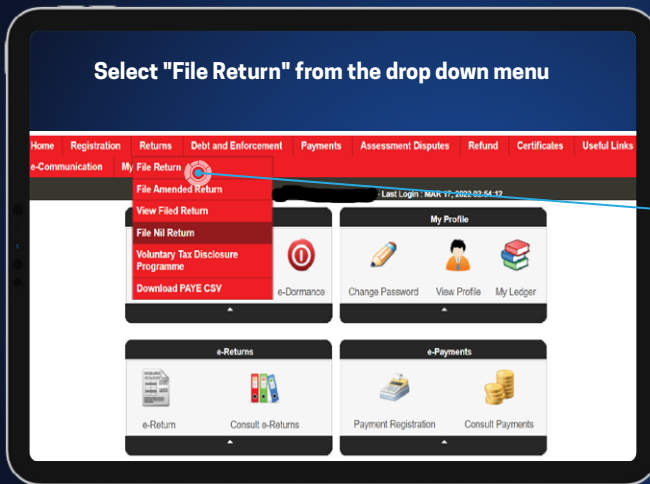
Log in onto the iTax platform

Insert Password

Complete the arithmetic equation

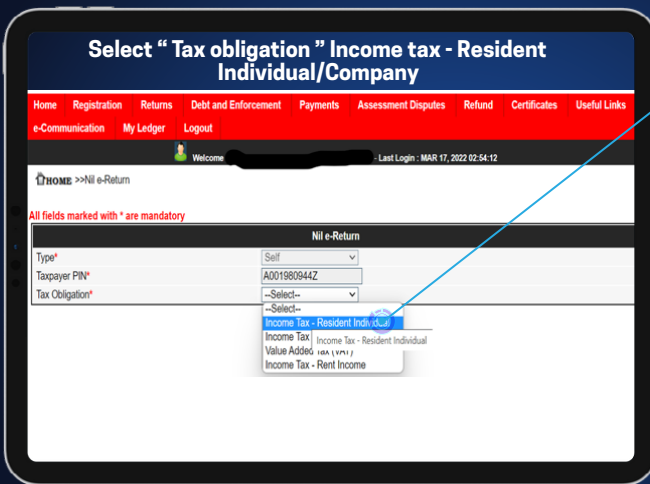
Click on the login Button

HOW TO FILE INCOME TAX RETURN FOR REGISTERED BUSINESSES - STEP III



▪ Select "File Return" from the drop down menu

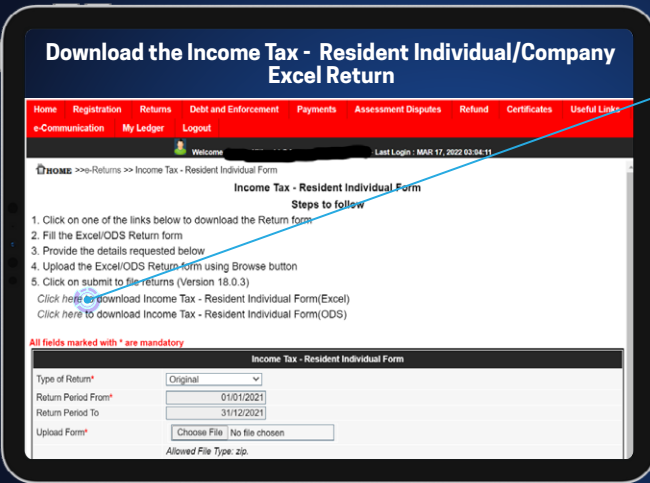
HOW TO FILE INCOME TAX RETURN FOR REGISTERED BUSINESSES - STEP IV



▪ Select Tax Obligation

▪ Select "Next" button

HOW TO FILE INCOME TAX RETURN FOR REGISTERED BUSINESSES - STEP V



▪ Download the Excel file from the iTax platform by clicking the link

HOW TO FILE INCOME TAX RETURN FOR REGISTERED BUSINESSES - STEP VI

Fill the Basic Information in Excel Return

KENYA REVENUE AUTHORITY		Resident Individual Income Tax Return	
Section A Part 1: Return Information		Version 18.0.4	
Personal Identification Number *	A000000059A		
Type of Return *	Original		
Return Period From *	01/01/2021		
Return Period To *	31/12/2021		
Do you have any income other than employment income? *	No		
Do you have partnership income? *	No		
Do you have estate trust income? *	No		
Has your employer provided you with a car? *	No		
Do you have a mortgage? *	No		
Do you have a Home Ownership Savings Plan? *	No	List: Select data	

Fill out the Excel, by indicating your PIN number

Indicate the type of return, Original/ Amended

Period of Return

Click on the login Button

HOW TO FILE INCOME TAX RETURN FOR REGISTERED BUSINESSES - STEP VII

Declare that you have other income other than Employment Income

KENYA REVENUE AUTHORITY		Resident Individual Income Tax Return	
Section A Part 1: Return Information		Version 18.0.4	
Personal Identification Number *	A000000059A		
Type of Return *	Original		
Return Period From *	01/01/2021		
Return Period To *	31/12/2021		
Do you have any income other than employment income? *	Yes		
Do you have partnership income? *	No	List: Select data from DropDown List.	
Do you have estate trust income? *	No		
Has your employer provided you with a car? *	No		
Do you have a mortgage? *	No		
Do you have a Home Ownership Savings Plan? *	No		
Do you have a life insurance policy? *	No		
Do you have a commercial vehicle? *	No		
Do you earn any income from a foreign			

For individual business owners, indicate that you have additional income other than employment income

For Partners, indicate that you have partnership income

HOW TO FILE INCOME TAX RETURN FOR REGISTERED BUSINESSES - STEP VIII

Fill the Profit and Loss, Balance Sheet and Fixed assets sections from details of the Financial Statements

Section B: Profit, Single and Loss Account For the Year Ending on 31st December, 2021 (KES)									
No.	Description	Debit (KES)	Credit (KES)	Debit (KES)	Credit (KES)	Debit (KES)	Credit (KES)	Debit (KES)	Credit (KES)
1.1	Opening Balance								
1.2	Income Statement								
1.3	Profit or Loss								
2.1	Opening Balance								
2.2	Balance Sheet								
2.3	Fixed Assets								
2.4	Current Assets								
2.5	Liabilities								
2.6	Equity								
2.7	Opening Balance								
2.8	Profit or Loss								
2.9	Balance Sheet								
2.10	Fixed Assets								
2.11	Current Assets								
2.12	Liabilities								
2.13	Equity								

Fill out the profit and loss account to mirror the income statement

Fill out the Balance sheet to match the statement of financial position

Indicate the assets purchased and document the wear and tear

HOW TO FILE INCOME TAX RETURN FOR REGISTERED BUSINESSES - STEP IX

Prepare the Tax Computations, and Submit Return

Schedule M-1 (Form 999) - Deductions					
	Business Expenses	Charitable Contributions	State and Local Taxes	Depreciation	Other
1. Business Expenses	1,234,567				
2. Charitable Contributions		12,345			
3. State and Local Taxes			56,789		
4. Depreciation				987,654	
5. Other					10,000
Total Deductions	1,234,567	12,345	56,789	987,654	10,000

▪ Adjust the Taxable profit or
i. expenses wholly and
exclusively used in the
generation of business
income;

ii. Actual expense/loss where
provisions were made

iii. Adjust depreciation
expense for assets with the
wear and tear for the same

▪ Submit the return after
including all taxes paid in
advance and losses brought
forward from previous
periods

It should now be possible for any practitioner to file their tax returns. If you experience any challenges consult a tax expert.

CHAPTER 5: DIGITAL SERVICE TAX

This section gives you a glimpse of the Digital Service Tax and how it works.

WHAT IS DIGITAL SERVICE TAX (DST)?

DST is a tax levied on services offered through the digital marketplace.

WHAT IS A DIGITAL SERVICE?

A digital service is term used to refer to any service that is delivered or provided over a digital marketplace;

WHAT IS THE DIGITAL MARKETPLACE?

The Income Tax Act defines the “digital marketplace” as a platform that enables the direct interaction between buyers and sellers of goods and services through electronic means.

WHO IS A DIGITAL SERVICE PROVIDER?

This is a term used to make reference to a person (natural or artificial) who provides digital services through a digital marketplace.

WHAT IS A PLATFORM?

Platform refers to any electronic application that allows digital service providers to be connected to users of the services, directly or indirectly, and includes a website and mobile application.

WHAT INCOME IS SUBJECT TO DST?

DST shall be levied against fees charged for: -

- ❖ downloadable digital content including downloadable mobile applications, e-books and films;
- ❖ over-the-top services including streaming television shows, films, music, podcasts and any form of digital content;
- ❖ sale of, licensing of, or any other form of monetising data collected about Kenyan users which has been generated from the users' activities on a digital marketplace;
- ❖ provision of a digital marketplace;
- ❖ subscription-based media including news, magazines and journals;
- ❖ electronic data management including website hosting, online data warehousing, file-sharing and cloud storage services;
- ❖ electronic booking or electronic ticketing services including the online sale of tickets;

- ❖ provision of search engine and automated help desk services including supply of customized search engine services;
- ❖ online distance training through pre-recorded media or e-learning including online courses and training; and
- ❖ any other service provided through a digital marketplace

WHICH INCOMES ARE EXEMPT FROM DST

- ❖ Income subjected to withholding tax; and
- ❖ The business of transmitting messages by cable, radio, optical fiber, television broadcasting, Very Small Aperture Terminal (VSAT), internet, satellite or by any other similar method of communication, by a Non-resident person.
- ❖ Payments, lending or trading of financial instruments, commodities or foreign exchange by an institution authorised by the CBK
- ❖ Services provided by government institutions

WHO IS LIABLE TO PAY DST?

DST will be paid by: -

- the digital service provider,
- the digital marketplace platform provider; or
- the tax representative of a non- resident person who provides the digital service to a user located in Kenya
- ❖ How do you determine if the user of a Digital Service is located in Kenya?
 - I. the user receives the service from a terminal (a computer, tablet and mobile phone) located in Kenya;
 - II. Payment for the digital service is made using a debit or credit facility provided by a financial institution located in Kenya;
 - III. the digital service is acquired through an internet protocol (IP) address or international mobile phone country code assigned to Kenya; or
 - IV. the user has a business, residential or billing address in Kenya.

WHAT IS THE RATE OF DST?

The Rate of tax is 1.5% of the gross transaction value, VAT Exclusive.

- ❖ How do you determine the Gross Transaction Value?

The gross Transaction Value is:-

- ❖ The payment received for the digital service; or
- ❖ The commission or fee paid to the digital marketplace platform provider for the use of the platform.

Return and Tax due by the 20th day of the month following the month when the payment is made.

IS DST FINAL TAX?

DST is an advance tax and shall be offset against the income tax payable for the same period, by a resident or a non-resident with a permanent establishment in Kenya.

For non-resident persons without permanent establishments, DST is final tax.

❖ How do you register for DST?

- a. Residents and Non-Residents with Permanent Establishments shall apply to the commissioner for Digital Service Tax;
- b. Non-residents persons without permanent establishments shall register through the simplified tax registration framework or appoint a tax representative.

Can DST returns be amended?

Yes. Any amendment must be lodged within 5 years from the period when DST returns were submitted.

Can you get a refund in the case of overpayment of DST?

Yes, For Residents and Non-residents with permanent establishments – Refund Application should be submitted within 5 Years of the date when the tax was paid

No, For Non-residents without a permanent establishment – the overpaid tax shall be retained as a credit and offset against DST payable in the subsequent period.

We hope that after going through the information on Intellectual Property Rights, Business Planning, Monitoring, Evaluation and Learning, and Taxation, you have basic knowledge about how the cultural and creative industries operate. We encourage you to seek further information and to continue improving your knowledge and skills.

ISBN 978-9966-128-08-9



9 789966 128089