

ILLICIT FINANCIAL FLOWS AND TAX EVASION IN KENYA: THE ROLE OF FINANCIAL INSTITUTIONS AND REGULATORY ENFORCEMENT

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Abstract

Illicit financial flows (IFFs) continue to undermine Kenya's domestic revenue mobilisation, with the banking sector functioning as a central channel for tax evasion, money laundering, and related financial crimes. Although Kenya has enacted multiple legal and regulatory instruments to curb these practices, persistent revenue leakages indicate enduring weaknesses in enforcement and institutional coordination. This study applies doctrinal legal analysis and a qualitative review of regulatory practices, supported by selected case studies, to evaluate the adequacy of Kenya's legal and institutional frameworks for controlling tax-related IFFs in the banking sector. The findings show that while Kenya maintains a relatively comprehensive formal legal architecture, implementation deficits substantially limit its effectiveness. Major constraints include fragmented inter-agency collaboration, limited analytical and investigative capacity within the Kenya Revenue Authority (KRA), leadership and governance shortcomings, and inadequate technological expertise. Collectively, these weaknesses create regulatory blind spots that are exploited by profit-driven actors and sophisticated taxpayers to facilitate tax evasion through the banking system. The study highlights the importance of strengthening KRA's financial intelligence and investigative capabilities and institutionalising mandatory, technology-enabled information-sharing mechanisms among tax, financial, and law-enforcement authorities to improve early detection, coordination, and deterrence of tax-related IFFs.

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1.0 Introduction

The emergence of globalization and digitization has brought about a major transition in banking.[1]. Illicit financial flows include unlawful movement of money across borders in contravention of the existing laws.[2]. To address these risks, the international community has made efforts through an intergovernmental body, the Financial Action Task Force (FATF), to enhance anti-money laundering (AML) measures. Efforts have been made, however, to deal with IFFs, which remain a severe problem, particularly in developing countries. Tax evasion is a systematic and deliberate circumvention of paying certain taxes and constitutes one of the main vehicles to facilitate illicit financial flows (IFFs). African and Kenyan scholars have rigorously documented the scale, typologies and developmental repercussions of illicit financial flows (IFFs), identifying trade misinvoicing, systemic corruption and capital flight as primary modalities. While seminal research has established that tax evasion is the critical driver of revenue erosion and illicit outflows, the extant literature remains predominantly descriptive. Existing studies frequently prioritize quantitative estimates and taxonomic classifications over an analytical interrogation of how institutional architecture, inter-agency synergy, and enforcement protocols dictate outcomes within specific sectors, such as banking. Consequently, there remains a significant empirical lacuna regarding the practical efficacy of legal and institutional frameworks in either mitigating or facilitating tax-related IFFs. In Kenya, tax evasion is the main cause of the government losing potential revenue, reducing the quality of services, and fostering economic disparities. The tax evasion-driven flows of illicit money, on the one hand, and government control, on the other hand, make it difficult for the country to attain its development goals. IFFs motivated by tax evasion are largely facilitated by the banks, and this is why the government fails in its fight against IFFs and hence loses the battle for national development.

Simultaneously, the expanding scale, intricacy, and international character of financial crime have brought about the acknowledgment of a whole-of-government approach as one significant framework of modern-day governance. The intricacies involved require not just the participation of government, but also that of law enforcement, the judiciary, and even the private sector.[3] Money laundering, fraud, tax evasion, corruption, and terrorist financing are other risks that could lead to government instability and loss of public trust; therefore, no one agency should have the authority to devise a solution to these problems.[4] Effective crime reduction thus calls for constant sector involvement and - especially - coordination among the aforementioned agencies.

International Financial Institutions (IFIs) are negatively affecting revenues in the magnitude of billions of dollars, thus categorizing African economies among the most severely impacted regions. Evaluating illicit financial flows (IFFs) is particularly difficult because of conceptual and measurement issues, as pointed out by [5]. But, he does emphasize that the empirical data always reveal large capital outflows from the developing world, and the main reasons are trade misinvoicing, criminal networks, tax evasion, and aggressive laundering practices. These leakages are controlled by the lack of a good governance infrastructure, insufficient enforcement authority, and poor support from law enforcement agencies.

Kenya is going through many similar problems, and even though its tax administration was modernized and anti-corruption institutions were strengthened through establishing a fiscal system, the country is still exposed to very elaborate financial crimes, criminal networks, and systemic illicit flows that eventually drain public revenue. Dispersed mandates among the government institutions like Kenya Revenue Authority (KRA), Financial Reporting Center (FRC), Directorate of Criminal Investigations (DCI), the Ethics and Anti-Corruption Commission (EACC), the Office of the Director of Public Prosecutions (ODPP), and the Central Bank of Kenya (CBK) have led to a deadlock in coordinated financial enforcement actions. This article contributes to current knowledge on IFF prevention in emerging nations by showing that having good laws alone does not suffice unless they are properly implemented through effective interagency cooperation and the slaying of corruption-based impunity. Tax-related offenses take advantage of structural and operational loopholes when institutional intervention is not coordinated, which leads to the inefficiency of national enforcement efforts.

This paper therefore, contributes to existing Kenyan and African IFF scholarly works by shifting the analytical focus from the existence of laws to the political-institutional conditions under

which those laws are implemented within the banking–tax enforcement nexus. Specifically, it demonstrates how implementation failures, capacity asymmetries, and weak whole-of-government operationalisation create regulatory blind spots that facilitate tax-related IFFs, even in the presence of a relatively comprehensive legal framework. By integrating doctrinal legal analysis with a governance and enforcement perspective, the study advances an implementation-centred explanation of why tax evasion persists through the banking system and identifies institutional reforms necessary to translate formal rules into effective revenue protection.

1.1 Statement of Problem

Tax evasion is an issue that highlights the principle of equitable fiscal participation, as it actually diminishes the tax system's ability to distribute the revenue burden among the population in a fair manner, thus contributing to the gradual weakening of the financing of public services and sustainable development. Nevertheless, the contemporary tax policies are developed to provide both horizontal and vertical equity, but still Kenya suffers from high tax fraud to an extent, which is more and more complicated by illicit financial flows (IFFs) and intricate financial intermediation structures. The financial institutions' role is crucial, but it is not very well researched in this regard; these institutions are amongst the major facilitators of such practices that are still going on, even though cross-border transactions, opaque ownership arrangements, and regulatory arbitrage are the main ways through which these practices are not being prevented. It might seem that the existing legal and regulatory frameworks are quite sufficient because they are extensive; however, the enforcement and coordination challenges they face have a very negative impact on their performance in the fight against tax evasion by those who use sophisticated methods. Therefore, this study analyzes the pathways through which financial institutions become involved in tax fraud activities in Kenya, determines the current legal and regulatory responses, and suggests the reforms that might provide stronger supervision, enhance compliance, and secure domestic revenue mobilization that is crucial for the drivers of Kenya's economic growth.

1.2 Statement of Objective

This research study aims to undertake a comprehensive review and analysis of tax evasion through Illicit Financial Flows in banking transactions.

1.3 Research Questions

- a) Does Kenya have adequate legal and institutional frameworks that can regulate and reduce the incidence of unauthorized financial movements in banking transactions?
- b) What are the fundamental obstacles in tax administration that prevent the fight against tax evasion in Kenya?
- c) What actionable recommendations are there for strengthening the Kenya Revenue Authority's capacity to detect and prevent tax evasion in banking transactions, arising from illicit financial flows?

1.4 Theoretical Framework

This study is anchored in the Peacock–Wiseman Theory of Public Expenditure and the Tax Deterrence Model, which together provide a complementary lens for explaining tax-related illicit financial flows (IFFs) in Kenya. The Peacock–Wiseman Theory explains the fiscal and political pressures that shape taxpayer behaviour and the incentives to capital flight. In contrast, the Tax Deterrence Model explains how enforcement strength, detection probability, and sanction severity condition compliance. Importantly, these theories are operationalised and not treated as abstract explanations to guide Kenya's analysis of legal and institutional structures governing taxation, banking supervision and financial crime investigation

1.4.1 Theory of Public Expenditure

The Peacock-Wiseman Theory suggests that government expenditure expands in response to social, political and economic pressures, creating a balance between the revenues demanded by the government and citizens' reluctance to pay high taxes (PWTPE). Often, such tension results in

heavy taxation, so taxpayers prefer to evade taxes to reduce their tax burdens, a common sentiment in Kenya. Specifically, the analysis applies the theory in three ways. First, rising public expenditure needs driven by infrastructure development, debt servicing, and social welfare commitments are interpreted as increasing pressure on the tax base. Second, where public spending is perceived as inefficient or corrupt, taxpayer morale weakens, reducing voluntary compliance. Third, economically powerful actors respond to these pressures by rationally seeking mechanisms to minimise tax exposure, including the use of offshore structures, aggressive tax planning, and laundering of undeclared income through domestic and correspondent banks. Unfortunately, while indigents are stuck with their tax obligations, the affluent and unscrupulous take advantage of IFFs to escape taxation and augment the tax burdens of the former. The theory explains how, in line with the fundamental choice between easy taxes and good returns, capital flight and illicit financial flows (IFFs) are outcomes of rational choice to migrate to jurisdictions with favorable tax laws or the presence of anonymity protections, such as tax havens [6].

1.4.2 Deterrence Model of Taxation

The theory of deterrence posits that compliance with tax laws increases when the probability of detection and the severity of penalties are high. In this study, the model is used to assess how Kenya's enforcement architecture shapes incentives for both taxpayers and banks. Detection probability is evaluated through legal provisions governing access to banking information, suspicious transaction reporting, audit powers, and inter-agency data sharing among the Kenya Revenue Authority (KRA), Financial Reporting Center (FRC), and banking supervisors. Gaps in real-time access to transaction data, fragmented databases, and weak joint investigations are interpreted as indicators of low detection probability. Sanction severity is examined through statutory penalties, administrative sanctions, criminal prosecutions, and historical enforcement outcomes, where limited prosecutions of complex tax–banking cases and modest institutional penalties signal low expected costs of non-compliance. Delving in this framework, weak enforcement encourages non-compliance, while effective deterrence constrains tax evasion and IFF-related activity. In Kenya, corruption and institutional impunity further erode deterrence, enabling banks and their clients to engage in illicit practices with minimal fear of detection or punishment. The persistence of banking-sector IFFs is therefore explained as a rational response to low expected enforcement costs, consistent with the deterrence model's predictions. Accordingly, the model guides the legal analysis by identifying statutory and institutional weaknesses that undermine deterrence and enable regulatory arbitrage. [7].

1.5 Research Methodology

This study adopts a qualitative, desk-based research design combining doctrinal legal analysis and qualitative document review. This approach was appropriate in analysing the adequacy of Kenya's legal and institutional frameworks governing taxation, anti-money laundering, banking supervision and financial crime enforcement in relation to tax-related illicit financial flows (IFFs). Doctrinal legal analysis was used to systematically examine relevant statutes, regulations, judicial decisions and policy instruments, including tax legislation, anti-money laundering laws, banking regulations and prosecutorial guidelines. A qualitative review of secondary sources, including academic literature, government reports, audit findings, policy briefs, and publications by international organisations complemented this. The study also relies on document-based case studies drawn from publicly available court judgments, regulatory enforcement actions, and investigative journalism reports. These case studies are used illustratively to demonstrate typical enforcement challenges, institutional bottlenecks, and patterns through which tax-related IFFs occur within the banking sector. Data were analysed thematically, guided by the Tax Deterrence Model and the Peacock–Wiseman Theory of Public Expenditure, to identify recurring institutional, legal and governance weaknesses that shape compliance behaviour and enforcement outcomes.

1.6 Literature Review

1.6.1 The role of digitalisation in facilitating the proliferation of Illicit Financial outflows

Positive development often comes with significant challenges, with the expansion of financial digitalization being no exception, as it contributed to an influx of financial crimes such as tax evasion and illicit financial flows (IFFs) [8]. The proliferation of fast internet connectivity and its accompanying financial implications, such as faster money transfers, lower transfer costs, higher transaction volumes, and augmented cross-border transfer efficiency, has facilitated illicit activities and reduced the proclivity for getting caught. This illicit transfer problem is exacerbated by inadequate tax administration regimens and weak governance structures, more so in the developing world. The existence of tax havens and secrecy jurisdictions provides incentives for corrupt officials and private actors to exploit regulatory weaknesses for personal financial gain [8]. The availability of these jurisdictions that allow for anonymity provides a significant incentive since offenders get to enjoy the fruits of their crime with impunity.

1.6.2 Lax enforcement and governance failures

Inadequate enforcement frameworks are a significant bearing factor to tax evasion and IFF's persistence. Audit mechanisms lack the necessary robustness, detection rates are low enough for criminals to risk it, and even when caught, penalties are too weak to be prohibitive [8]. The resultant impunity has facilitated the exacerbation of international financial crimes. Notably, increased tax evasion and IFF threaten the macroeconomic stability of affected nations, making the poor oversight perilous for these nations. Investing in proper oversight mechanisms may be costly, but the cost of lax oversight surpasses it in terms of the macro-financial vagaries of the resultant crimes. To mitigate this problem, the development of effective prevention mechanisms must begin with a comprehensive understanding of the problem and the loopholes that allow it [9]. Efficiency and cost-effectiveness are other areas that demand a comprehensive study to motivate government investment in preventative measures.

1.6.3 Banking sector intermediary roles

The apparent impunity in international financial crimes also attracts institutional greed, as available research shows that banks and other financial institutions play a significant facilitation role in tax-related IFFs [10]. Nonetheless, it is mostly the low-quality and poorly performing banks that risk getting involved in such crime, with quantitative research revealing an inverse correlation between institutional quality based on depth, access, and efficiency on the one hand, and participation in tax-related IFFs on the other [12].

1.6.4. Anti-money laundering (AML) measures and other responses

Since most international monetary crimes, such as tax-related IFFs, are impossible without licensed international organizations, regulatory focus has been predicated on these organizations. The development and effective implementation of anti-money laundering (AML) regulations has been a proven effective method of mitigating the tax evasion and IFFs problem [12]. Banks have to protect their systems and amenities from sanctions, so in the face of major sanctions or even loss of license, they decline to aid in IFFs, leading to substantive declines [14]. However, in the face of weak or poorly implemented AML regulations, such crimes persist. Paradoxically, the development of financial infrastructure in developing countries, which would naturally be a positive thing, has become the avenue for IFFs, which then ravage these countries' economies.

1.6.5 Kenyan regulatory and supervision implications

Kenyan losses to tax evasion and IFFs have been significant, to the tune of USD 1.22 billion, which amounts to almost 3% of the nation's GDP. The monumental loss indicates the urgent need for effective redress to this crisis; the ratio of loss of GDP has already reached macroeconomic destabilization thresholds [15]. Proper financial sector supervision and AML regulatory enhancement

can avert this crisis. The supervision and regulatory process can be narrowed down and made more effective by focusing on banks with low depth, access, and efficiency dynamics [15].

2.0 Tax Deterrence Model

This chapter delves further into the Tax Deterrence Model to relate the theory to analyzing tax evasion-motivated IFFs through banking transactions in Kenya.

2.1 Analysis of the Tax Deterrence Model

The Tax Deterrence Model is the one that proposes a combination of old (i.e., classical) and new (i.e., contemporary) theories on the deviant behavior of tax compliance and, to a large extent, it points at the economic and psychological aspects of the same matter. A usual tax deterrence considers the taxation to be a transactional relationship between the taxpayer and the authorities, which means the individual is looking at the expenses incurred in complying versus the fines imposed on non-compliance [16]. It is the rational taxpayer, the one who weighs the pros and cons, and if he sees the advantages of tax evasion being greater than the risks of being caught and punished, he will opt for evasion. The Kenyan tax system is a close mirror of this model. The Kenya Revenue Authority has the authority granted by the Kenya Income Tax Act to collect taxes that are due, to penalize the wrongdoer in cases of non-registration, late submission of documents, or dishonest accounting, and to seize any unrecorded income or improperly recorded assets. However, even though there have been recent sharp stings of tax evasion schemes under the Tax Procedures Act, South Africa still remains a low compliance country because of the widespread capital flight and IFFs. The Tax Deterrence Model is thus the one that guides the understanding of the complex issue of tax evasion in Kenya. Quite obviously, punitive measures have to continue to be applied, but more engagingly and persuasively. Moreover, the taxpayers should take part in the decision-making process aimed at the goal of compliance and decreasing illicit financial flows.

3.0 Tax Evasion in Kenya

In the previous section, the research delved into the deterrence tax model. The model provided the best, most comprehensive system of understanding the interaction between the key stakeholders in the taxation matrix. The theory, most importantly, explains the motives and factors that affect tax compliance and therefore influence tax evasion. This chapter examines the tax code in Kenya with a specific focus on tax evasion. In this chapter, the legal regime on tax evasion is studied to explain the strengths and weaknesses of the legal regime in fighting tax evasion among financial institutions and the place of IFFs in the bigger picture. The analysis is based on the facts of the case study. The case study serves as the benchmark through which the tax regime is assessed on its efficacy in preventing tax evasion, the challenges, and the possible interventions in the law to combat tax evasion through IFFs in the country.

3.1 Analysis of legal regimes considering the case study

3.1.1 The Constitution of Kenya

The Kenyan Constitution's Articles 209 and 210 delineate the powers and duties of the government and the citizens with regard to taxation. The constitutional principles allow the government to respond to the problem of tax evasion reactively rather than through preventive measures by compliance. The widespread occurrence of tax evasion techniques such as creative accounting and deliberate misapplication of accounting systems proves that these provisions are not effective enough in deterring evasion.

3.2 The General Anti-Avoidance Provisions (GAAP)

The Income Tax Act (ITA) and the Tax Procedures Act (TPA) sections mentioned above are the reactive measures and the respective provisions for the general anti-avoidance tax in Kenya (GAAP). These measures are intended to counteract tax evasion and aggressive tax avoidance schemes. Nevertheless, as [17] mentions, GAAP systems are practically reactive instruments and

thus largely rely on the tax authorities' capability to identify, comprehend, and challenge the complex avoidance schemes that have already been executed. Hence, the overall efficacy of these measures is reliant on the expertise, information access, and cooperation of the regulators, such as the Kenya Revenue Authority (KRA). This reliance significantly reduces the level of control over enforcement in the intricate financial sectors like Islamic banking, where transactions are conducted with specialized Sharia-compliant instruments that require expert knowledge of the sector to identify legitimate financial arrangements from those that are fraudulent for tax purposes. Furthermore, he cautions that the uncertainty of the availability of information and the discretion of the administration may lead to GAAP enforcement being less effective, particularly in scenarios where inter-agency information-sharing mechanisms are inconsistent or obscure. The problems mentioned above are also aggravated in Kenya by international treaties, particularly the Double Taxation Agreement (DTA) with Mauritius, which prohibits tax authorities from lawfully requesting or investigating a certain range of information, thus practically limiting the anti-avoidance measures in addressing these matters.

3.2.1 International Law

International tax treaties consisting of double tax agreements (DTAs) sometimes unintentionally become tax evasion accomplices since they open up international tax loopholes for multinationals and rich individuals. Kenya's treaties with the UAE, Mauritius, and other tax havens illustrate the situation. The lack of universally accepted norms and still insufficient enforcement mechanisms in global efforts, for example, the UN Model Convention, implies that the cooperation is mainly for the purpose of sharing information only [18].

3.3 Cardinal Issues Arising from the case study

3.3.1 A unique environment within the Financial Sector that promotes IFFS

The use of creative accounting is one of the primary ways through which the financial sector falls prey to tax evasion. By this, institutions manage to get around paying taxes by taking advantage of the loopholes in regulation and altering their financial reports. Sometimes, this could be viewed as non-conformity as a survival tactic, but the culture continues to be reinforced. The situation is aggravated by the tax culture in Kenya, characterized by the people's indifference and the mistrust of those in charge of collecting revenues. It has been shown that deterrence-based measures, such as heavy penalties, amount to a reactive compliance approach [19]. Tax evasion gets the attention of all three parties involved: the regulatory agencies, the indifferent taxpayers, and the institutions facing challenges. This kind of environment leads to Illicit Financial Flows for trade and attractions of opening up new channels for exploitation (IFFs); while the internal transactions between directors and top executives are not subjected to any oversight, the external ones are. The tax evasion facilitation role of banks as a result of the globalization of the financial sectors calls for more scrutiny.

Sector-based research has also uncovered that, among others, the primary factor for the governance failures in certain sectors is their increased vulnerability to illicit financial flows (IFFs). A '20' study conducted in Kenya on the oil and mining sectors indicates that these sectors have a conducive atmosphere for IFFs to be carried on due to the absence of clear regulations, poor control over the flows, and tangled agreements. The authors point out that the sectoral-level governance failures, such as the unavailability of transparency in the licensing, the lack of monitoring of revenue flows, and the weak coordination between regulatory and enforcement agencies, lead to shifting of profits, tax evasion, and the illicit outflow of capital. The findings are in agreement with the global evidence, which points out that among the extractive industries, the risk of financial crimes in the areas with a fractured enforcement architecture is the highest.

On the macroeconomic level, the [21] study links money laundering and IFFs to negative economic and investment growth, thus affecting the overall economic stability of Kenya. The paper argues that the continued prevalence of financial crime erodes the tax base, hence discouraging investor confidence, distorting market competition, and making fiscal policy ineffective. By framing IFFs within a larger economic context, Gichuki's reasoning brings out the fact that the impacts of the sectoral weaknesses, apart from revenue loss, also reach the national financial stability and development. In brief, sectoral and macroeconomic studies form a strong empirical evidence base

for the need for a WoG approach that is well-coordinated and that deals with the institutional weaknesses and sector risk profiles simultaneously.

4.0 Recommendation

Firstly, combat financial crimes effectively in Kenya, the enforcement agencies must harmonize their legal frameworks by consolidating outdated regulations governing anti-money laundering (AML), tax evasion, and illicit financial flows (IFFs). This legislative review is critical to closing existing loopholes that currently facilitate regulatory inconsistency. The establishment of a multi-agency task force dedicated to tax-related financial crimes is very critical. This body would bring together collaborations among the Kenya Revenue Authority (KRA), the Financial Reporting Centre (FRC), the Central Bank of Kenya (CBK), the Directorate of Criminal Investigations (DCI), the Ethics and Anti-Corruption Commission (EACC), and the Office of the Director of Public Prosecutions (ODPP). Operational efficiency within this task force depends on the adoption of clearly defined protocols for real-time information exchange, joint investigative procedures and strategic case prioritization. While such a transition requires significant legislative amendments and sustained high-level political commitment, it is highly feasible in the short to medium term as it leverages and strengthens existing institutional architectures rather than creating entirely new entities.

Secondly, the Kenyan tax administration faces significant technological and structural impediments, primarily due to the absence of integrated data systems. This fragmentation prevents comprehensive taxpayer monitoring and the effective identification of financial discrepancies. Furthermore, the Kenya Revenue Authority (KRA) relies on a self-assessment tax system, which severely diminishes the efficiency of detecting sophisticated tax evasion schemes. These technical limitations are exacerbated by stringent privacy regulations that restrict real-time access to banking data, necessitating protracted legal processes to investigate illicit financial activities. Beyond technical constraints, systemic governance issues further undermine enforcement. Collusion between dishonest officials and taxpayers fosters a culture of impunity, eroding public trust and reducing voluntary compliance. These challenges are compounded by a complex tax architecture characterized by overlapping tax laws and frequent regulatory shifts, creating loopholes exploited for tax avoidance. While the implementation of advanced digital solutions offers a remedy, high initial costs and technical requirements remain significant barriers. A phased deployment strategy, supported by donor-financed initiatives, could help mitigate these financial and capacity constraints.

Finally, one of the most effective ways to enhance KRA's ability to identify and stop tax evasion is through investment in technology and data analytics that enable real-time monitoring of banking transactions. Comprehensive data integration between the KRA and financial institutions, including the Central Bank of Kenya and commercial banks, allows for the immediate identification of suspicious transactions. Furthermore, the platform should be equipped with predictive analytics in order to recognize the patterns of dirty money flows. In addition, KRA might think about setting up a specialized unit that would solely deal with financial intelligence and forensic audits. These units would operate in high-risk areas and with high-net-worth taxpayers who are involved in very complicated and risky financial activities. It is necessary that there is a continuous recruitment and training of professionals who are highly qualified in forensic accounting, cybersecurity, and financial crime investigation.

5.0 Conclusion

The IFF's impact on the Kenyan economy is not questioned; it is a major impediment to the country's prosperity. Besides, by looking at the legal framework governing the IFFs that mainly consist of tax evasion in the financial sector, one can get to know the problems that the government faces in the war against tax fraud. The present evaluation brings to light the shortcomings of the current laws, which signify that they are not at all intended to stop tax evasion at the financial institutions. Personally, I think the tax laws in Kenya today are not very accommodating to the typical taxpayer of our times, who is a business profit-driven person. Still, even if a company does so through clever accounting and eco-friendly tax planning, it does encourage the taxpayer to optimize the profits at the cost of expenses, including taxes that are especially so. Nevertheless, the tax regime

currently in force is not resilient enough to cope with the various tax planning schemes that now exist in the wake of the economic revolution; it cannot perfectly handle such trends.

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