

National Social Security Fund (NSSF) 3rd Year Contribution Rates

Background

On 24th December 2013, the National Social Security Fund Act, 2013 was assented and the commencement date was scheduled for 10th January 2014. After a protracted legal battle in courts, the Court of Appeal on 3rd February 2023 delivered a judgement upholding the legality of the Act and the effective contribution period became February 2023.

Updates on Year 3 Contribution Rates Effective February 2025 Payroll

NSSF is now gearing up for the rollout of the third phase of the contributions towards NSSF. According to the Third Schedule of the NSSF Act 2013, the Lower and Upper limits for the first four years are provided as follows:

Year	Lower Earnings Limit	Upper Earnings Limit
1	6,000	50% of National Average Earnings
2	7,000	1 times National Average Earnings (36,000)
3	8,000	2 times National Average Earnings (72,000)
4	9,000	3 times National Average Earnings

Based on the above, effective February 2025 payroll, the NSSF Contribution Rates for the Third Year will be as indicated below:

Lower Limit (Tier 1)	8,000
Total Contribution by Employee (6% of 8,000)	480
Total Contribution by Employer (6% of 8,000)	480
Total Tier 1 NSSF Contributions	960
Upper Limit (Tier 2)	72,000
Contribution on Upper Limit (Upper limit less Lower limit)	64,000
Total Contribution by Employee (6% of 64,000)	3,840
Total Contribution by Employer (6% of 64,000)	3,840
Total Tier 2 NSSF Contributions	7,680
Total NSSF Contribution by Employee:	4,320
Total NSSF Contribution by Employer:	4,320

What Does This Mean to the Taxpayer?

In summary the above computation simply means:

- 1.The minimum contribution towards NSSF is set to increase from KShs 420 to KShs 480;
- 2.The maximum contribution per employee will rise to KShs 4,320 as compared to the previous contribution of KShs 2,160;
- 3.Employees who earn KShs 72,000 or more are set to contribute the maximum amount of KShs 4,320; and
- 4.This is the most opportune time for employers to contract out the Tier II contributions to an authorized private pension scheme.

Please note that the **remittance due dates** for the **NSSF contributions** remain to be **by the 9th day of each subsequent month**.

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