



EAST AFRICAN COMMUNITY

EAST AFRICAN COMMUNITY COMPETITION (THRESHOLDS FOR NOTIFICATION OF MERGERS AND ACQUISITIONS TO THE EAST AFRICAN COMPETITION AUTHORITY) NOTICE, 2024

(Under section 11(1) and (4) of the East African Community Competition Act, 2006)

IN EXERCISE of the powers conferred upon the Council by section 11 (4) of the East African Community Competition Act, 2006, and on the recommendation of the East African Community Competition Authority, the Council of Ministers issues this Notice this 31st day of December, 2024.

1. Title

This Notice may be cited as the East African Community Competition (Thresholds For Notification of Mergers and Acquisitions to the East African Competition Authority) Notice, 2024.

2. Thresholds for notification of mergers and acquisitions to the East African Community Competition Authority.

A cross-border merger or acquisition is notifiable to the Authority if –

- (a)** the combined turnover or assets in the Community of the merging undertakings, whichever is higher, equals to or exceeds United States Dollars 35 million; and
- (b)** at least two undertakings to the merger or acquisition have a combined turnover or assets of United States Dollars 20 million in the Community, unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Community within one and the same Partner State.

3. Method of determining combined turnover and value of assets

(1) The asset value of an undertaking that is the subject of the merger shall be determined by the value of the undertaking's assets as shown on the undertaking's balance sheet for the preceding financial year and the following shall be ensured:

- (a) the asset value equals the total assets less any amount shown on that balance sheet for depreciation or diminution of value;
- (b) the assets shall include all assets on the balance sheets of the firm, including any goodwill or intangible assets included in their balance sheets;
- (c) no deduction may be taken for liabilities or encumbrances of the firm; and
- (d) assets in the Community includes all assets arising from activities in the Community;
- (e) the value or consideration exchanged for any subsidiary or associated undertakings, or joint venture, acquired or divested, up to the time of calculation of asset value.
- (f) all asset valuations shall be made in accordance with generally accepted financial accounting standards or practice used in most jurisdictions.
- (g) when aggregating the assets of the undertakings subject of the merger the annual value of assets shall be calculated by adding together the value of assets of the undertakings, their its subsidiaries, parent companies, and subsidiaries of parent companies;
- (h) all calculations of value of assets shall be made in, or converted to, United States Dollars.

(2) The annual turnover of an undertaking that is the subject of the merger shall be determined by the amount of sales and products generated by the ordinary course of business activities of the undertakings, and the following shall apply:

- (a) the deduction of all sales rebates, value added, or other taxes directly related to those items;

- (b) the deduction of any sales or products among the merging parties or to any interconnected undertakings such as a subsidiary or parent companies of the merging parties;
 - (c) for transactions involving credit and financial institutions, turnover shall include the sum of income from interest, shares, securities, other variable yields, affiliated firms, any commissions or charges, net profit on financial operations, any other operating income from services such as advisory work or consulting, with deductions made for value added and all other taxes;
 - (d) for insurance undertakings, turnover shall include the value of gross premiums, all amounts received and receivable for the undertakings' insurance contracts and reinsurance premiums, with deductions made for all taxes, parafiscal contributions or levies charged.
 - (e) when aggregating the turnover of the undertakings subject of the merger the annual turnover shall be calculated by adding together the turnover of the undertakings, their its subsidiaries, parent companies, and subsidiaries of parent companies;
 - (f) all calculations of turnover shall be made in, or converted to, United States Dollars.
- (3) Methods of calculation of annual turnover and valuation of assets
Annual turnover and valuation of assets shall be calculated using the following methods -
- (a) Denomination;
 - (b) accounting standard;
 - (c) calculation of annual turnover and value of asserts of parties to a merger by adding together party to a merger, subsidiary company, parent company etc.

HON. BEATRICE ASUKUL MOE
Chairperson,
Council of Ministers