



# KENYA REVENUE AUTHORITY

ISO 9001:2015 CERTIFIED

## ADDENDUM /CLARIFICATION "SET 1"

21<sup>st</sup> JANUARY, 2021.

To all Prospective bidders,

**REF: TENDER NO.KRA/HQS/NCB -025 /2020-2021 – LEASE OF MOTOR VEHICLE FOR A PERIOD OF FOUR (4) YEARS.**

Kenya Revenue Authority wishes to inform prospective bidders of the clarifications highlighted below:

Addendum		
No	Bidders Query	KRA Response
1.	<p>Point 8 (pg 43) says Bidders undertake to give priority in the sale of leased vehicles to the Approved and Eligible Users and staff of the Procuring Entity/User Entity, after expiry of the lease term at market rates or at special prices determined by reference to the Residual Values built into the lease, whichever is lower. This is a deviation of the risk and reward principal of leasing, as the financier that have invested in the asset has full rights on disposal of the vehicles. It is also be breach of the Income Tax Act where lessor is required to dispose lease assets at market value. We propose that the eligible staff and users get first right to purchase the vehicles but at preferential prices to be determined by the Lessor.</p>	<p>On Clause by Clause Responsiveness on item no. 8 (Resale of leased vehicles at the end of term.)</p> <p><b>KRA amends the clause and read as follows:</b></p> <p>Bidders will be entitled to sell, lease or dispose of leased vehicles on expiry of the lease periods, subject to the Procuring Entity waiving or exercising the option to renew the lease for such period(s) as may be agreed under Secondary Lease term, and upon terms and conditions broadly similar to the lease contract. Where the Procuring Entity do not exercise the option of renewal/extension of the lease, Bidders undertake to give priority in the sale of leased vehicles to the Approved and Eligible Users and staff of the Procuring Entity, after expiry of the lease term and propose that the eligible staff and users get first right to purchase the vehicles at the preferential prices which will be determined by the Lessor.</p>

21/01/21



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2.	1(a) of the Master Lease Agreement states that “payments shall not be made for vehicles covering over 50 kms for repair or service”. The clause should be moved to the Service Agreement with a practical distance of 200 kms or so.	On Term of Lease on item 1 (a) pg 70. <b>KRA amends the clause and read as follows:</b> Any payments under this Agreement and the Rental Addendum shall not be made for vehicles covering over 50 kilometers from KRA Station for servicing and repairs. Such mileages shall be borne by the Lessor and shall be deducted from the required 120,000 Kms before any payments are effected and Authority to negotiate acceptable mileage based on vehicle dispatch locations.
3.	Tender closure extension	<b>The Tender has been extended to 1<sup>st</sup> February 2021 at 11:00 am.</b>

## Clarification

No	Bidders Query	KRA Response
1.	Spec number MTD-944-045-20; Supply of double cabin pickups. Expansion of engine specifications from 2000 cc to 2500cc to allow for inclusivity. Besides the lower cc models give more fuel efficiency and performance for equal or more power.	The rating cc is 2000-2500 cc as captured in the tender Appendix Vi (6)
2.	Where do we get the specifications for MTD-944-045-20 and MTD-1444-048-20 since it's not provided in the tender document.	The specs are attached under Appendix vi(6) for MTD-944-045-20 and Appendix viii(8) from Chief Mechanical & Transport Engineer.
3.	<b>On Master Operating Lease Agreement.</b> Clause 3.17 (pg 22) states that Lessee can terminate the contract for default or for convenience. We propose that termination should only be due to fundamental breach of the Service Agreement by the Lessor.	The KRA's Requirements prevail. Our Master Operating Lease has standardized our requirements hence prevails and bidders to factor any requirements having monetary implications on their rental cost.
4.	Point 6 (pg 42) on replacement of vehicles in garages, under repair or accident vehicles. We propose longer timelines for instances of accident repairs, theft, vandalism, total loss, etc	The KRA's Requirements prevail. This requirement is to cushioning the Authority from unnecessary non-availability of the vehicles that attracts rental premiums. The same be retained

21/01/2021

	as these are outside our control unlike scheduled and unscheduled maintenance works.	and bidders to have this consideration in their costing model.
5.	Point 6 (pg 42) on vehicle variations asks for pricing to be maintained for the 4 year duration of the framework. We propose flexibility for new vehicle orders which could be affected by factors beyond our control like forex fluctuation, tax changes or manufacturer pricing changes.	The KRA's Requirements prevail. Lease periods runs for four (4) years and pricing model is aimed of having a constant cost.
6.	Point 7 (pg 42) says that Bidders are responsible for collection of leased vehicles at expiry of the lease term. Movement of leased vehicles to agreed central collection point at the end of the lease term is the responsibility of the procuring agent/user, similar to the way collection of new vehicles is done from a central point.	The KRA's Requirements prevail.
7.	Point 11 (pg 45) says that removal of vehicle identification & markings at end of lease term to be at bidder's cost. Standard return conditions of a lease require that this is done by the lessee.	The KRA's Requirements prevail. The Procuring entity lacks capacity to undertake this exercise ; bidders to factor it in their costing model at expiry of contract (as read with item 6c page 42)
9.	Master lease agreement (pg 70-75) Kindly find attached our legal review of the master lease contract	The KRA's Requirements prevail. Our Master Operating Lease has standardize our requirements hence prevails and bidders to factor any requirements having monetary implications on their rental cost.
10.	<b>Note:</b> <b>Prospective bidders are hereby advised to align their Tender Security to the new tender opening date i.e 1st February, 2021 to be valid upto and including 31<sup>st</sup> January, 2022</b>	

The clarification form part of the bidding document and is binding to the bidder. All other terms and conditions of the tender remain the same. You are therefore required to immediately acknowledge the receipt of this addendum.

Regards,

  
**Benson Kiruja**

**For: Deputy Commissioner - Supply Chain Management**

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