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Tax Alert: New NSSF Rates Effective 1 February 2026

January 2026

Background

The National Social Security Fund (NSSF) Act, 2013 transformed NSSF into a mandatory pension scheme.

Under the Act, contributions are set at 12% of pensionable earnings—6% from the employee and 6% from the employer.

Implementation of the Act has been phased since February 2023, with annual adjustments to the pensionable earnings limits.

What Changes in February 2026

Effective 1 February 2026, the Lower Earnings Limit (LEL) and Upper Earnings Limit (UEL) will increase as part of the phased implementation. While the contribution percentages remain unchanged at 6% for both employee and employer, the expanded earnings bands mean that employees earning above the new LEL will contribute more, up to the capped UEL.

The contributions are structured as follows:

Tier	Earnings Range	Employee 6%	Employer 6%	Total
Tier I	Up to Kshs 9,000	Kshs. 540	Kshs. 540	Kshs. 1,080
Tier II	Kshs 9,001 – 108,000	Kshs. 5,940	Kshs. 5,940	Kshs. 11,880
Total	**Total Contribution per month**	**Kshs. 6,480**	**Kshs. 6,480**	**Kshs. 12,960**

History of NSSF Rate Changes and Limits

The NSSF rates and contributions have evolved over the years since its implementation and the table below shows the earnings limits and contributions:

Year	Lower Earnings Limit (LEL, Tier I) Kshs	Upper Earnings Limit (UEL, Tier II) Kshs	Employee Contribution 6% Kshs.	Employer Contribution 6% Kshs.	Total Contribution 12% Kshs.
2023	6,000	18,000	1,080	1,080	2,160
2024	7,000	36,000	2,160	2,160	4,320
2025	8,000	72,000	4,320	4,320	8,640
2026	9,000	108,000	6,480	6,480	12,960

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Impact on Employees' Salaries

Below are illustrative examples of how the new rates will apply on the different salaries.

1. **Example 1 – Employee earning below Kshs. 50,000**

- Tier I: 6%*9000=540
- Tier II: (50000-9000) × 6%) = 2,460
- Total Employee Deduction: 3,000

2. **Example 2 – Employee earning above Kshs. 108,000**

- Tier I: 6%*9000=540
- Tier II capped at KES 108,000 → (KES 99,000 × 6%) = KES 5,940
- Total Employee Deduction: KES 6,480

Comparative Examples of NSSF Deductions (2023 to 2026)

The table below illustrates the impact of the revised rates on employees earning various salaries. The comparisons show NSSF deductions under the previous rates and new deductions from February 2026.

Gross Salary	Year	Tier I Base	Tier I @ 6%	Tier II Base	Tier II @ 6%	Total Employee Contribution
15,000	2023	6,000	360	9,000	540	900
15,000	2024	7,000	420	8,000	480	900
15,000	2025	8,000	480	7,000	420	900
15,000	2026	9,000	540	6,000	360	900
50,000	2023	6,000	360	12,000	720	1,080
50,000	2024	7,000	420	13,000	780	1,200
50,000	2025	8,000	480	14,000	840	1,320
50,000	2026	9,000	540	41,000	2,460	3,000
100,000	2023	6,000	360	12,000	720	1,080
100,000	2024	7,000	420	29,000	1,740	2,160
100,000	2025	8000	480	64,000	3,840	4,320
100,000	2026	9,000	540	91,000	5,460	6,000
200,000+	2023	6,000	360	12,000	720	1,080
200,000+	2024	7,000	420	29,000	1,740	2,160
200,000+	2025	8,000	480	64,000	3,840	4,320
200,000+	2026	9,000	540	99,000	5,940	6,480

Implications for Employers

1. **Payroll Adjustments:** Employers must update payroll systems to apply the new LEL and UEL.
2. **Employee Communication:** Employers should inform staff about the increased deductions and benefits.
3. **Budgeting:** Employers should account for higher contributions for employees above the new LEL and UEL.
4. **Compliance:** Accurate deductions and timely remittance is essential to avoid penalties.

Implications for Employees

1. **Higher Deductions:** Employees earning above the new LEL and UEL will see slightly reduced take-home pay.
2. **Enhanced Retirement Benefits:** Increased contributions will improve future pension entitlements.
3. **Transparency:** Employees should review payslips to confirm correct deductions.

Action Points

1. Employers should review and update payroll systems before 1 February 2026.
2. The revised rates will be applied automatically in the February 2026 payroll.
3. HR teams should communicate the changes clearly to employees.
4. Finance departments should budget for increased employer contributions.
5. Employees should plan for slightly reduced net pay and understand the long-term benefits.

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About Us

We appreciate your continued partnership.

Should you require any further clarification or support, please do not hesitate to contact our payroll team.

For further discussion on this alert or any other tax concern, please contact the below.

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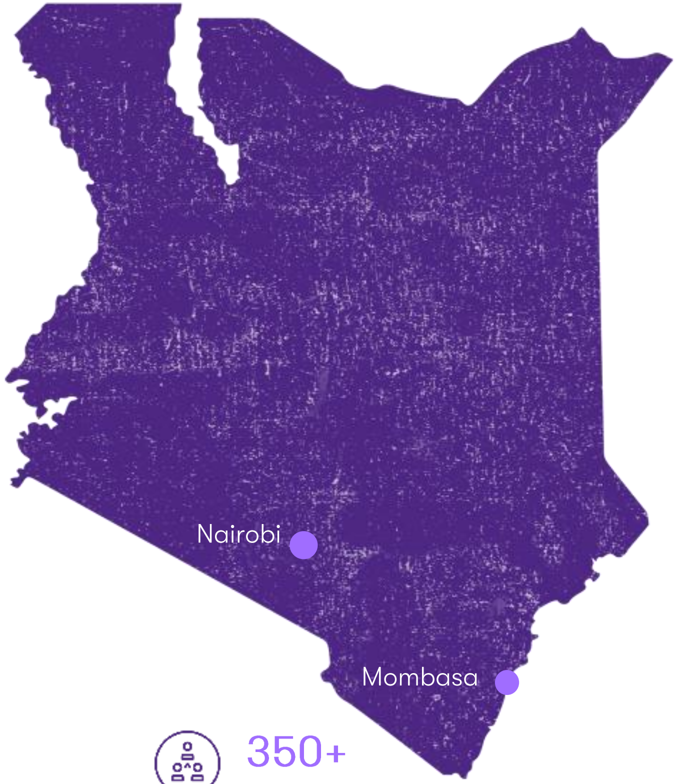

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