RSMEA Newsletter

KRA unveils Automated Payment Plan to ease tax burden and cashflow constrains

Vide a public notice dated 7th November 2025, the **Kenya Revenue Authority (KRA)** has announced the launch of an Automated Payment Plan (APP) to help taxpayers settle outstanding liabilities, including principal tax, penalties, and interest, through structured instalments.

The initiative aims to improve convenience, encourage compliance, and assist taxpayers who are having cash flow issues so they can pay their bills without putting a burden on business operations.

Who qualifies?

To benefit from the APP, taxpayers will need:

- A valid KRA PIN;
- A confirmed tax liability that is not under dispute;
- To demonstrate a genuine financial difficulty;
- A proposed instalment schedule submitted via iTax or other approved KRA platforms; and
- A payment period of no more than six months.

Key considerations

While the APP provides flexibility, taxpayers are cautioned that failure to adhere to the agreed payment schedule may lead to the revocation of their Tax Compliance Certificate and potential enforcement actions.

Our take

- The launch of the Automated Payment Plan (APP) will represent a strategically significant move in facilitating taxpayer compliance. By allowing taxpayers to settle outstanding liabilities through structured instalments, KRA will balance enforcement with flexibility, acknowledging that businesses and individuals may face temporary liquidity constraints.
- For businesses, the APP will alleviate the pressure of lump-sum payments, which could otherwise disrupt operations or force the diversion of critical resources. Instead, it will provide a flexible, predictable, and legally secure framework for managing tax obligations.
- By enabling taxpayers to pre-arrange instalments, the initiative will promote financial planning, operational continuity, and sustainable compliance, while maintaining the integrity of the tax system.
- The six-month repayment period will encourage responsible financial behavior and ensure that taxpayers will remain compliant without compromising their ability to meet operational and strategic commitments. This approach will reflect a progressive shift in KRA's engagement strategy, signaling that the Authority will prioritize collaboration and sustainable compliance over punitive measures alone.
- Ultimately, the APP will be more than a payment facility as it will serve as a strategic tool that empowers compliant taxpayers, safeguards business continuity, and fosters a culture of mutual accountability. For taxpayers committed to compliance but constrained by short-term cash flow challenges, this initiative will provide an opportunity to clear liabilities efficiently, protect their Tax Compliance Certificate, and enhance their financial credibility.

Should you need further specific guidance on how the above changes impact your business, kindly feel free to contact any of the below or your usual RSM contact who will be always available to offer guidance and assistance that you need.

Ishmael Chirchir
Tax Consulting Semi-Senior
RSM (Eastern Africa) Consulting Ltd
ichirchir@ke.rsm-ea.com

Josphat Karanja
Tax Consulting Senior Manager
RSM (Eastern Africa) Consulting Ltd
jkaranja@ke.rsm-ea.com

Jilna Shah
Tax Director
RSM (Eastern Africa) Consulting Ltd
jshah@ke.rsm-ea.com