

Dedicated to finding the best possible tax solutions for your business



## AUTOMATION OF THE VOLUNTARY TAX DISCLOSURE PROGRAMME

The Government, through the Finance Act, 2020 (the Act) established a Voluntary Tax Disclosure Programme (“VTDP”) which shall run for a period of three years with effect from 1<sup>st</sup> January 2021. This is in a bid to encourage self-disclosure of taxes not paid and also boost the revenue collections for the Kenya Revenue Authority (“KRA”). Under the programme, a taxpayer is allowed to disclose their tax liabilities that accrued within a period of five years prior to 1<sup>st</sup> July, 2020 to the Commissioner for the purposes of being granted relief of the penalties and interest that may have crystallized as a result of non-compliance.



The extent of relief/waiver on the penalties and interest under this programme is as follows:

- 100% waiver of penalties and interest – where the disclosure is made and tax liability is settled in 2021;
- 50% waiver of penalties and interest – where the disclosure is made and tax liability paid in 2022; and
- 25% waiver of penalties and interest – where the disclosure is made and tax liability paid in 2023.

There have however been challenges with the program which has seen taxpayers stranded on how they could take advantage of VTDP.

When the programme was first introduced, it was not clear how taxpayers would make applications for waiver of penalties and interests under the programme.

However, the KRA through a public notice dated 26<sup>th</sup> July 2021, has now provided clarity and indicated the applications for VDTP can now be done through iTax.

We are happy to assist you in reviewing your financial statements, transactions and the supporting documentation to assess your level of compliance with the existing tax laws, assess any compliance gaps and quantify the tax arrears arising thereof under your registered tax obligations.

Thereafter, we will also assist with the application for self-disclosure under the VTDP, and waiver of penalties and interest and follow-up with the KRA for approval of the application.

### Process of application

- File the application like a return on the iTax System.
- The system will generate an acknowledgement receipt and a verification task will be created at the respective Tax Service Office.
- Once the application is approved/rejected at the respective Tax Service Office, an approval/rejection notice will be communicated to the taxpayer's iTax registered email.
- For the approved cases, the taxpayer will be expected to generate a payment registration Number (PRN) as per the filed VTDP return and proceed to pay.

#### Caveat

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