



Bringing expert tax knowledge to your environment

## Tax Filing in Uncertain Times

### Introduction

The outbreak of the Coronavirus ("COVID-19") has led to a significant impact to various economies across the globe, and the rapid transmission of the virus has resulted to governments taking drastic measures in order to reduce its transmission.

Kenya has not been left behind with the Government having issued the directive for all education and government institutions with the exception of the essential units, to be closed until further notice. Additionally, the Government has urged the private sector to allow their employees to work from home.

Despite Kenya's cases being relatively low, the overall impact of the global COVID-19 has affected the Kenyan economy with the airline, hospitality, agriculture and logistics industries as the first casualties.



Since these companies' revenue streams have been affected, the ability to meet their tax obligations as and when they fall due will also be affected. In the event that the Kenyan Government fails to provide an extension to companies in the affected industries to settle their tax obligations, is there any legislation that can be invoked to protect these companies' interests given the fact that the 1st instalment tax for the year 2020 and the final tax for the year 2019 for December year-end companies falls due on the 20th April 2020 and 30th April 2020 respectively?

We wish to highlight some of the tax mitigating measures that businesses can take to ensure that they are compliant with the prevailing tax laws as per the Tax Procedures Act provisions.

### 1. Extension of time to submit the tax return

Where a person required to submit a tax return under a tax law is unable to submit the tax return within the stipulated time, he/she may apply in writing to the Commissioner for an extension of time to submit the return. An application for the extension of time shall be made at least fifteen days before the due date in case of a monthly return and thirty days before the due date in the case of an annual return. It is also worth to note that the grant of an extension shall not alter the date for payment of any tax due under the return as specified in the tax law under which the return has been made. However, penalties for late submission of returns shall not apply where an extension to submit a return has been granted.

### 2. Extension of time to pay tax

Where a person is unable to pay taxes in time due to reasonable cause or unavoidable reasons, the taxpayer may apply in writing to the Commissioner for an extension of time to pay a tax due. Where permission has been granted to pay a tax by instalments and he/she defaults in the payment of the instalment, the whole balance of the tax outstanding at the time of default shall become immediately payable. However, we note that despite being granted an extension of time to pay a tax or permission to pay a tax due by instalments by the Commissioner, a taxpayer shall be liable for any late payment interest arising from the original date the tax was due for payment.

For further assistance, do not hesitate to contact us.

#### Caveat

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