

TAX MANAGEMENT FOR NPO's

Presentation By:
DR. GITHAE,
PhD , MBA, Bcom, CPA (K)
Tax & NGO Training Partner

Matengo Githae & Associates
Head Office: Chaka Place 2nd Floor
Resident office: Lenena Road, Wood Avenue
Tel: 020-2699944
Email: customercare@matengogithae.com
Website: www.matengogithae.com



CHALLENGING ENVIRONMENT FACING NOT FOR PROFIT ORGANISATIONS.



Thus there is need for NPO's to be compliant with taxes to avoid a scenario of sinking into problems.....

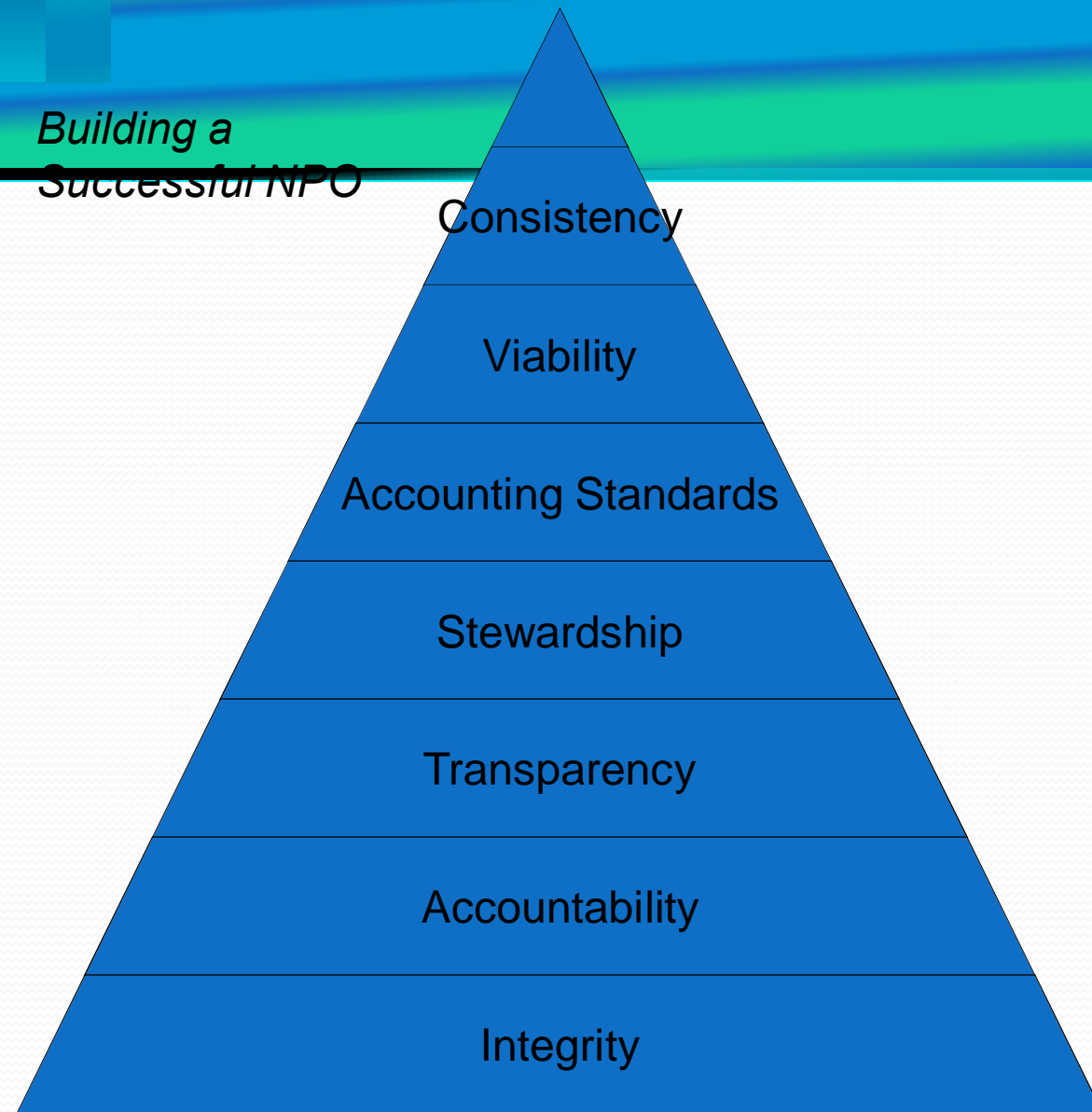


Financial management

**“Building a Successful Financial management
Operation”**

Principles of sound Financial Management

*Building a
Successful NPO*



Principles of Financial Management

Integrity

- The integrity of the organization must be beyond question
- Individuals must operate with honesty and propriety
- There must be no doubts about how funds were used and the accuracy and completeness of the records

Accountability

- We are responsible to all stakeholders, communities, beneficiaries, employees, volunteers
 - That the resources of the organization / entity are used effectively and efficiently
 - That the resources support the purpose for which they were intended
- It is our moral and legal duty

Transparency

- We must be open about our work
- This is demonstrated by:
 - Making information available
 - Presenting accurate, complete and timely financial information
 - Disclosing the information to all stakeholders both internal and external to the organization.

Stewardship

- We are entrusted with the resources of the PBO and must be sure to use the resources appropriately and for the purposes for which they are intended
- Good stewardship is achieved through:
 - Planning
 - Assessing and minimizing risks
 - Implementing systems and controls

Good Technical standards

- NPO records and documents must observe formats and standards and principles as well as practices.
- Any person from around the world should be able to understand our system of business record keeping

Viability

- Viability is a measure of our NPO continuity and security – that we have the funds / cash needed to deliver our ideas and objectives

To be profitable or viable we must keep expenditures in balance with available income

Consistency

- NPO policies and systems must be consistent over time
- This enables comparative organizational analysis to be done and supports transparency of information
- Systems and policies can be refined but inconsistency could indicate manipulation of the finances

Fundamentals of Financial Management





RISK MANAGEMENT

Definition of Risk

- A risk is defined as a possible event or circumstance that can have negative influences on the project in question. Risk can also be defined as the combination of the probability of an event and its consequences
- Risks can come from uncertainty in financial markets, project failures, legal liabilities, accidents, natural causes and disasters as well as deliberate attacks from an adversary

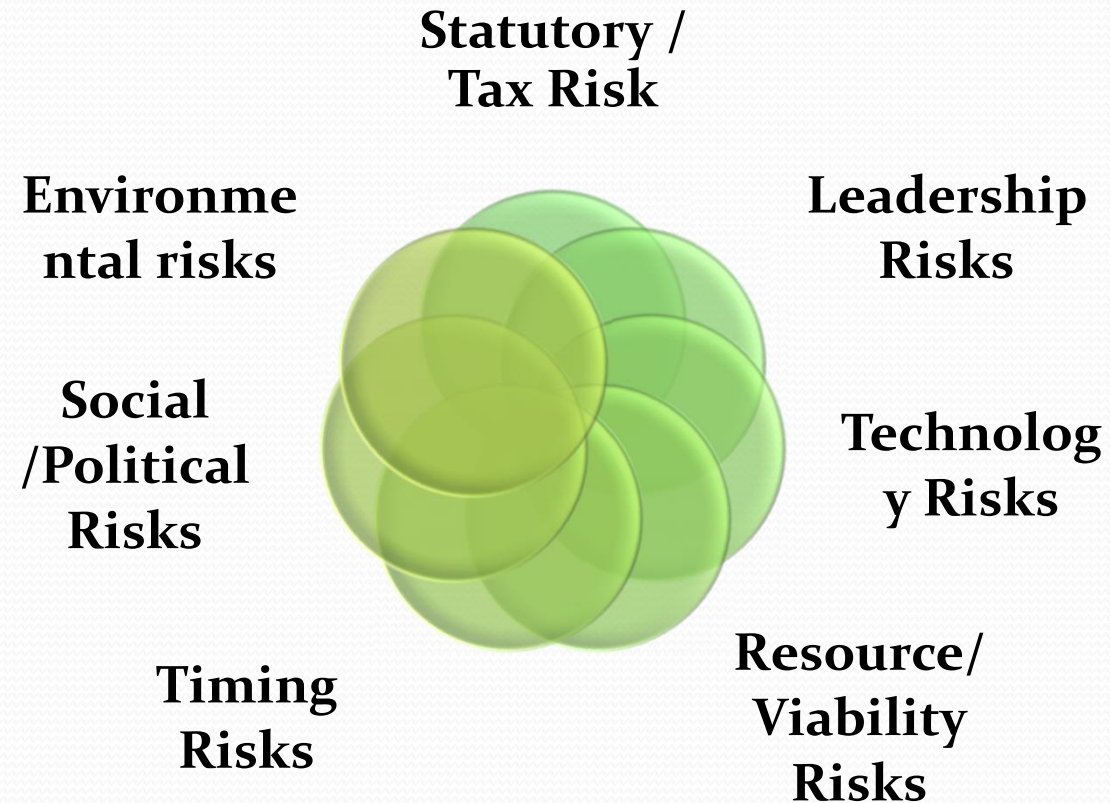
Risk Management can also be defined as the identification, assessment, and prioritization of risks, followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities



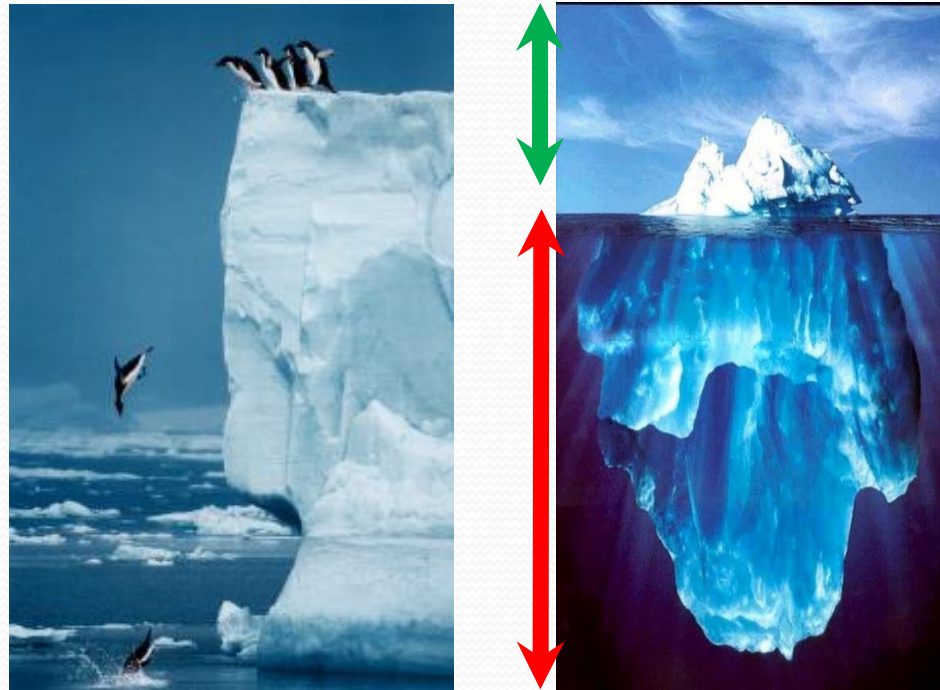
The strategies used in managing risk include;

- Transferring the risk to another party
- Reducing the negative effect of the risk
- Avoiding the risk
- Accepting some or all of the consequences of a particular risk

Types of Risks



Never under - estimate



TAX CHALLENGES FACING NPOs

- Capacity - NPO's fall short in technical capacity.
- Misinterpretation of tax laws
- Failure to be up-to-date with tax laws as tax laws are dynamic
- Failure to understand the importance of paying taxes
- Dispute resolution; difficulty in resolving tax dispute with authorities (KRA,NHIF,NSSF)

HOW TO RESOLVE TAX

CHALLENGES WITH KRA

- Conduct self tax health checks.
- Prepare a checklist on KRA/ statutory standards required to be met by NPO's
- Determine gaps existing that constitute non-compliance
- Develop action plans and strategies to mitigate non-compliance

- Establish/develop a function/department within organization dedicated on taxes
- Engage or outsource services of a tax expert to advice and act on your behalf in resolving tax dispute with KRA
- Ensure that all relevant documents/evidence are readily available to the organization, tax advisors and KRA

WHAT MGA IS DOING FOR ITS TAX CLIENTS?

- Sensitizing tax clients on the emerging issues relating to tax exemptions, work permits, Visas and other statutory matters
- Has a fully operational tax department to handle tax and other statutory matters
- Partnered with Tax experts in South Africa and India where tax advisory is advanced
- Inform clients on tax matters as they arise and how to deal with them



A bald eagle is shown in flight, soaring over a body of water. The eagle's wings are spread wide, and its head is turned slightly to the left. The background is a clear blue sky.

Soar high always

Live your dream.

Do not enrich the grave.

Your destiny is in your hands

BECOMING THE BEST...RIGHT NOW

