Name	Item	Problem Description	Facilitator's Response
Mokua, Onwonga & Co	1	**Itax Ledger Reconciliations** In the financial year 2014, some taxpayers had paid some taxes through the manual system which were to be utilized as tax credits in the tax computation at the end of the financial year. When filing the Income Tax Returns through the itax platform, the same tax credits were not reflected in the taxpayer's ledger and thus creating a tax liability. No reconciliation has been done to update the itax ledger and the tax liability continues to accrue interest in the taxpayers ledger **Recommendation** a) The itax system should be programmed in such a way that it can access all the taxpayers database and incorporate the same in the ledger so as to eliminate the need for reconciliations. b) Also KRA should carry out the reconciliations on the above mentioned issue to avoid further accumulation of interest in the taxpayers ledger.	The system was configured to credit all payments made through the partner banks which were integrated with the iTax system through the payment gateway. However, IFMIS and CBK are currently not integrated though the process is ongoing. Therefore the payments which made through or direct to CBK were not credited to the taxpayer's ledger in iTax. This brings the issue of manual reconciliation which we hope will not be there in the near future once IFMIS & CBK are integrated. A solution is also being sought for the payments already made manually and the corresponding interest charged
	2	**Advance tax on Partnership** Advance taxes paid by a Partnership are tax credits which should be distributed to the individual partners on their P & L ratio.Itax has not provided a way of disclosing this in the IT2P return.The payments are only reflected in the Partnership ledger instead of being credited in the partners ledger. **Recommendation** The itax system should be structured in a way that all advance taxes paid by a partnership are automatically reflected in each partners ledger and the same used as tax credits in the partners tax computations.	The iTax IT2P return does not provide for distribution of Motor Vehicle Advance Tax. This delivery considered that commercial vehicles are owned by individual partners and credits are automatically sent in full to individual partners' ledgers. The system is currently being enhanced to provide for distribution in cases where commercial vehicles are registered in the names of partnerships as opposed to individual partners.

	3	**Withholding taxes on Partnership** Withholding taxes are only reflected in the partnership ledger instead of being credited in each partner's ledger. During filing of the IT2P return, its quite tedious to declare all the withholding taxes in the IT2P worksheet since each WHT Certificate has to shared by all the partners according to their P&L ratio. **Recommendations** The itax system should be programmed in a way that all partnership withholding taxes are shared accordingly and automatically credited in each partner's ledger for the same to be used as tax credit when calculating each partner's tax liability.	-The iTax IT2P return in Sec H (Details of tax withheld) allows partnerships to distribute withholding tax credits between partners. The return provides for a CSV upload which to accommodate a big number of withholding certificates. -Currently the credit gets reflected in individual partners' accounts when the individual partner claims the same in his own IT1. -The system is however being enhanced to distribute and credits to be reflected in individual partners' ledgers immediately payment is made at a partner bank.
	4	**E-dormancy** The itax system allows taxpayers to put some income tax obligation under dormancy state due to some changes or closure of business operation. During this period the taxpayer is not required to file any return for the obligations under dormancy. However once the taxpayer reinstates the obligation and wants to file a current return, the system prompts such a taxpayer to file the previous returns which were not filed during the dormancy period and by so doing a penalty is generated for late filing of those returns which should not be the case. **Recommendations** The itax system should be programmed in a way that it recognizes the dormancy state of an obligation and thus it should not require taxpayers to file returns when such an obligation was dormant.	The system is designed not to require any taxpayer to file a return for the period they were in dormancy status. However, specific cases should be forwarded for analysis.

| | 5 | **Other Issues to be addressed**

 a) When filing 2015 income tax returns especially the partnership returns, the system was prompting taxpayers to declare some withholding taxes which were already declared in the IT2P excel worksheets. Has the itax team adequately solved this problem?

 b) In the ITMS system some partnership had the TOT obligation but in itax system this obligation doesn't exist, does it mean the law has changed and thus partnerships are not allowed to register for TOT?

 c) In some few cases, the itax system has imposed a late filing penalty of Ksh.20,000 instead of Ksh 10,000 for companies in 2014 & 2015 financial years. How is this possible yet the law is quite clear on this?

 d) During deadline dates, the itax system becomes quite slow or inaccessible, are there any plans to improve the system so as to accommodate all the taxpayers at any given time? | We have experienced this issue before and in those specific cases there was wrong capture of the WHT certificate.
 e.g. KRAWHTLTO00245678124 instead the taxpayer types KRAWHTLT000245678124.
 The system will reject the second certificate number and instead request you declare the first certificate number with letter "O" instead of zero "0".
 Members can share details of the specific cases for analysis.

 The Income Tax Act Cap 470-Sec 3(a) ''person" does not include a partnership; Therefore though TOT Rules Para. 2 describes a person to include a partnership. The rules cannot override the main provisions of the Act.

 This depends on when the return was done. If the return was filed after the implementation of the TPA Act 2015 (effective date 19th Jan 2016). The penalty should be Kshs 20,000 or 5% of tax due whichever is higher for any other case.

 The law provides for six months within which a person can file their returns. However, the "culture" of last minute rush by us (taxpayers) clog the system just like any other system forcing it to be slow.
 System performance is continuously being reviewed to keep up with the increasing demand. |
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