



# INTEGRATED TAX MANAGEMENT SYSTEM (*i*Tax)

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**ICPAK COAST BRANCH ANNUAL TAX SEMINAR**

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**By: SOITA WACHANA – iTax PROJECT OFFICE**



KENYA REVENUE  
AUTHORITY



# iTAX MODIFICATIONS

# Scope of Presentation

**What is iTax modification?**

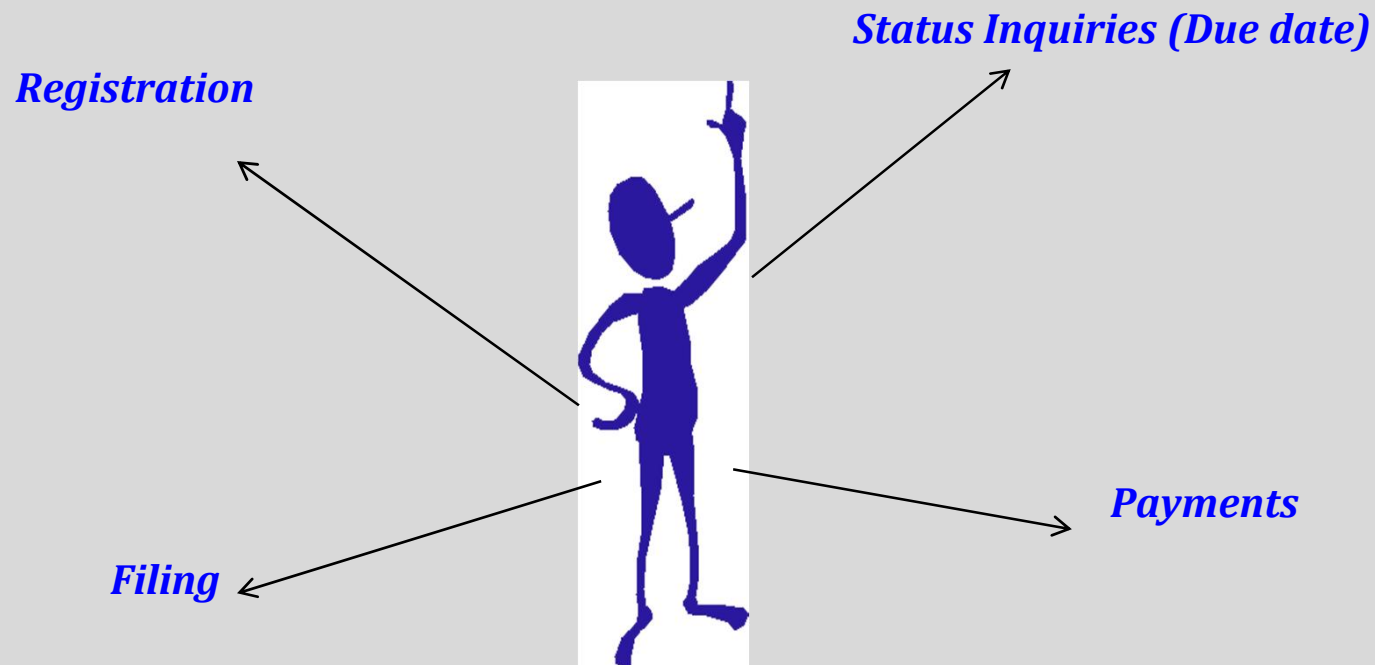
**Why modifications?**

**Types of modifications**

**Future modifications in iTax**

**Challenges of iTax modifications**

# What is modification?



# What is modification?

## ...Cont'd

*Modification is a system change that makes it better or friendlier to the users/customers. It can also be referred to as an enhancement. Modifications so far made are related to;*

- ✓ *Registration*
- ✓ *Return Filing*
- ✓ *Payments*
- ✓ *Status inquiry*

# Why modification?

- ✓ *Changes in Law*
- ✓ *Improving user experience*
- ✓ *Reduce redundancies*
- ✓ *Executive directives*
- ✓ *Business processes Re-engineering*
- ✓ *Best work practice*

# Types of modifications

## ▪ Switching on inconsistency report

**Defn:** Inconsistency is deviation from the norm or expected

- ✓ This is purely administrative. The common inconsistencies detected are;
- ✓ Registration inconsistency (recall PIN suspension)
- ✓ Seller Vs purchaser inconsistency
- ✓ Landlord Vs tenant
- ✓ Importer Vs exporter

## Types of modification...2

- ***Twinning of Capital Gains Tax & Stamp Duty - w.e.f. 5<sup>th</sup> May 2017***
- ✓ *MOL officials are able to verify payment transactions in iTax for SD and since inception a total of KShs.20B has been collected*
- ✓ *Twinning of SD and CGT implemented\* (case at appeal for ITA Sec.11A of 8<sup>th</sup> Schedule ). Boost in collection for CGT i.e. Vodafone UK Vs Vodacom RSA yielded KShs.17B for direct trading of Safaricom shares outside NSE*
- ✓ *To integrate iTax with MOL deliverables on Stamp duty and Land Rent*



# Types of modification...3

- ***Unified payroll return (iTax/NSSF integration)***
  - ✓ *W.e.f.15<sup>th</sup> June 2017 - Taxpayers can now file a joint PAYE and NSSF return on iTax platform.*
  - ✓ *Being piloted by KRA and NSSF.*
  - ✓ *The NHIF still under development.*
  - ✓ *This will eliminate ghost workers at national & County governments*
- ***iTax/IFMIS – Integrated Financial Management Information System***

*Suppliers transacting with National & County Governments and their agents is running smoothly.*

- ✓ *Taxpayers are now able to receive their WHTs certificates on time via mail with respective credits being reflected on their ledgers.*
- ✓ *P.A.Y.E. transactions to be rolled out soon. (Set-up of PSD to reconcile)*

## Types of modification...4

- ✓ *Withholdee gets withholding certificate upon payment by a withholder.*
- ✓ *Ability to cancel erroneously issued withholding certificate*
- ✓ *Cancellation task is created in the profile of a compliance officer at the station.*
- ✓ *On approval of cancellation of a certificate, system credits the withholders ledger with amount.*
- ✓ *The credited amount can only be utilized on making a refund claim from portal \**
- ✓ *Then refund is processed upon validation of claim and correct bank details*
- ✓ *If the withheld amount already utilized by a withholdee, then an assessment task is generated in the profile of the compliance officer at the station*

# Types of modification...5

## ▪ *iTax Mobile App Checkers*

*W.e.f 19<sup>th</sup> May 2017 taxpayers are now able to ;*

- ✓ *Check status of their PINS*
- ✓ *Check status of Withholding certificates\**
- ✓ *File nil returns for all obligations*
- ✓ *Apply for a TCC*
- ✓ *File MRI return*
- ✓ *Generate payment slip for MRI (PRN)*
- ✓ *Query FAQs\**

# Types of modification...6

- *iTax/County Governments Integration*
  - ✓ *We are about to start collecting revenue for County Government due to our affordability and experience on revenue matters*
  - ✓ *An MOU to collect for Nairobi and Laikipia has so far been signed*
  - ✓ *Coastal Counties, please consider us for this job as we have what it takes to collect revenue.*

# Types of modification...7

- ***Withholding Income Tax/VAT Improvements***

- ✓ *You no longer need to declare all your withholding certificates to file your tax returns.*
- ✓ *Lump sum declaration is enough*

- ***Instalment tax and advance tax simplification***

- ✓ *Taxpayers do not need to declare all instalments or payments to file a return.*
- ✓ *Lump sum declaration is enough*

## Types of modification...8

- *iTax/ICMS –Integrated Customs Management System*
  - ✓ *Phase 1; already implemented at ports of entry for Direct Assessments*
  - ✓ *Phase 2; in progress and will address validation of exports & imports via auto-population of VAT returns*
  - ✓ *The benefit of this integration will speed up refund processing*

# Future iTax modifications

- ***Auto generation of Additional Assessment***

- ✓ *Where there is a VAT mismatch in Seller and Purchaser transactions*

- ***iTax Prior Credit Adjustment***

*Taxpayers' credit not transferred to iTax to be dealt with soon*

- ***Advance Payment Setoff Change***

- ✓ *Taxpayers to apply a setoff of their advance payments themselves unlike the present*
- ✓ *Those with arrears to seek waiver unlike the present automatic utilization of credit.*
- ✓ *Wrong payments to be re-routed*

# Future iTax modifications ...2

- **Tax Procedure Act and Finance Act 2016**
- Amnesty on foreign income already delivered but still engaging users.
- *TPA Section 38 on interest*
- *Tax representative*
- *Non-individual partner*
- *MRI changes: e.g. Capping of 10M limit in a year for residential rent, modification of certificates, separation of residential rent certificates from commercial rent certificates*



## Future iTax modifications ...3

- ***iTax/EPROMIS-***

*Donor Aid Funded and all Government projects that qualify for remissions and exemptions – Phase 1 in place*

- ***iTax/IPMIS – Integrated Protocol Management Information System***

*Foreign/diplomats on blanket VAT remissions – Rollout soon*

- ***iTax/TIMS (NTSA) – Transport Information Management System***

*Advance tax payments and motor vehicle inspection*

## Future iTax modifications ...4

- ***iTax/EGMS –Excisable Goods Management System***
  - ✓ *Licensed manufactures and registered importers of excisable goods*
  - ✓ *Production accounting, track and trace of excisable goods.*
  - ✓ *Auto-population of sales by wholesalers of industrial spirit/e-stamps*
  - ✓ *Soma label available on Google play store*
  
- ***iTax/KEBS Standard levy at very advanced stage of integration***
  - ✓ *Business requirements already developed and signed off*
  - ✓ *User Acceptance Testing (UAT) to commence in January 2018*
  - ✓ *To be deployed in a live environment before February 2018*

## Future iTax modifications ...5

### ▪ *iTax-CRM integration*

- ✓ *Password Reset via codes sent through mobile*
- ✓ *You do not need to contact DTD for resetting of your password*
- ✓ *You will be able to self serve through the Interactive Voice Response by dialing our Contact Centre Number: 0711 099 999/4 999 999*
- ✓ *You will be able to also contact us from your preferred channel of choice i.e. Customer Portal, Chat, Social media accounts (Facebook & Twitter)*
- ✓ *You will be able to search our knowledgebase through our website or customer portal to obtain required information without necessarily visiting or calling our offices*

## Future iTax modifications ...6

- *L.N. No.60 of 2012 introduced TAC to vet and regulate tax gents*
- ✓ *Very independent consisting of various stakeholders ; ICPAK ,LSK with KRA providing secretarial duties only.*
- ✓ *ICPAK, LSK, Former KRA officers and any other qualification prescribed by the Commissioner*
- ✓ *Application through either ones professional body or to TAC with the later exempted from interview*
- ✓ *TAC must ratify before registration to iTax is done*
- ✓ *Tax Agent certificate will be issued through iTax system.*

# Challenges of iTax modifications

- *Frequency of changes in law (PAYE/ personal relief rates, waiver for reduced interest rate)*
- *Minimum or zero consultations between stakeholders i.e. WHT VAT*
- *Balance between complexity in law, simplicity in use and system security*
- *Time and budgetary constraints*
- *Redundancies in law*
- *Skills gap*

*ARIGATOU GOZAIMASU*

**THE END**

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***COMMENTS AND QUESTIONS***