

BRANCH TAX WORKSHOP-BUSIA

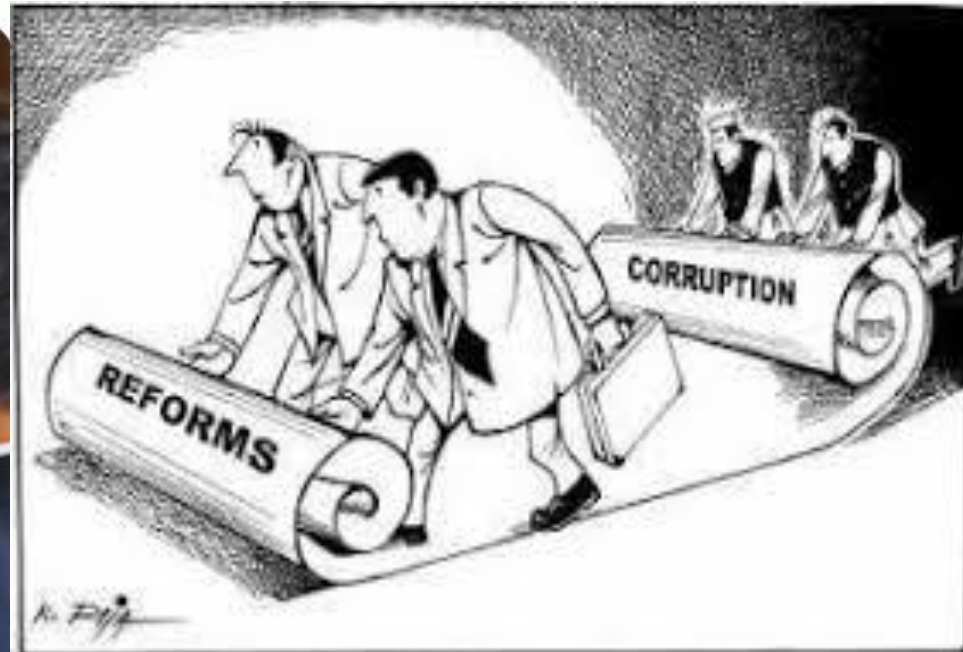


Presented by CCPA Wycliffe Kibisu

Venue: BUSIA

Date: 29th November 2017

Topic: TAX PLANNING & TAX COMPLIANCE



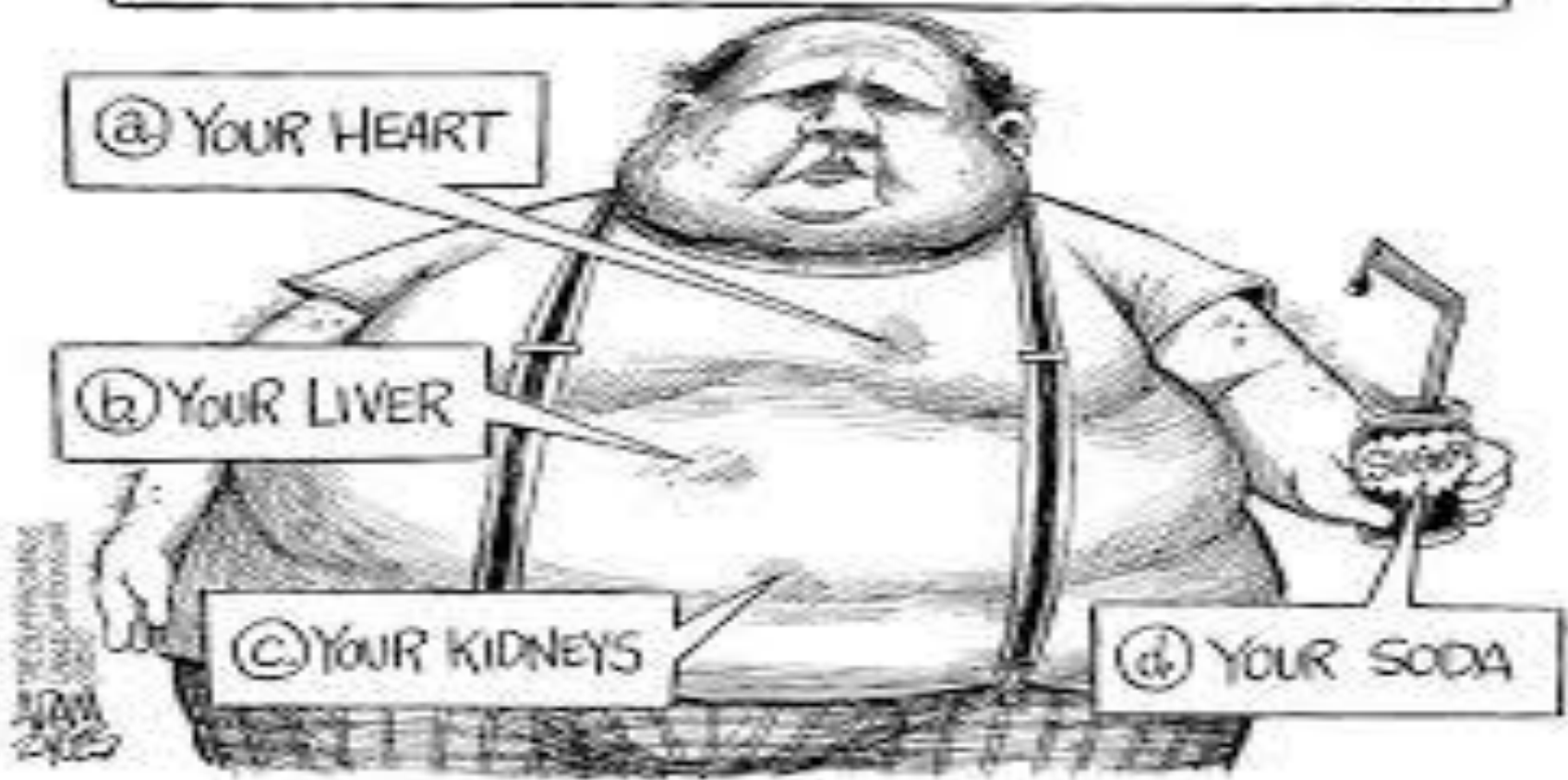


Overview and Objectives of the presentation

□ This presentation is designed to provide participants with the following:-

- ✓ an overview of the tax issues that the Organisation executives have an obligation to manage.
- ✓ Review the various taxes directly affecting organisation budgeting process.
- ✓ Organisation capability to manage tax risks and expenses and
- ✓ Review recent changes-itax updates/changes

Q: WHICH WOULD YOU *rather* "TAX"??



Tax Risks Associated with All organisations

CASE EXAMPLES-TAX NON-COMPLIANCE RISKS

- ❑ On 16/06/2013-KRA froze 3 Accounts of Mombasa County over a tax arrears of Ksh 471 million arising from defunct council
- ❑ **Airtel Kenya Loses Kshs. 531 Million Tax suit Against Kenya Revenue Authority**
By [Eric Wainaina](#) - November 22, 2016
- ❑ Kenya Revenue Authority slaps Keroche Breweries with Sh1.3b backdated tax bill By Moses Michira Updated Wed, July 29th 2015 at 00:00 GMT
- ❑ <http://nairobinews.nation.co.ke/jobs/why-nairobi-county-staff-risk-missing-salaries/> Ksh 1 billion tax arrears transferred by CBK to KRA
- ❑ **NOTE:**KRA tax problems do not go away unless you take actions!



☐ "Nobody likes taxes, but they've been around forever.

☐ Taxes date back see below:

Mathew 17:24-

[24](#)After Jesus and his disciples arrived in Capernaum, the collectors of the two-drachma temple tax came to Peter and asked, “Doesn’t your teacher pay the temple tax?”

[25](#)“Yes, he does,” he replied. When Peter came into the house, Jesus was the first to speak. “What do you think, Simon?” he asked. “From whom do the kings of the earth collect duty and taxes—from their own children or from others?” [26](#)“From others,” Peter answered.

“Then the children are exempt,” Jesus said to him. [27](#)“But so that we may not cause offense, go to the lake and throw out your line. Take the first fish you catch; open its mouth and you will find a four-drachma coin. Take it and give it to them for my tax and

FAMOUS CASE ON TAX PLANNING



“No man ... is under the smallest obligation, moral or other, so to arrange his legal relations to his business or to his property as to enable the Revenue [authority] to put the largest possible shovel in to his stores. The Revenue [authority] is not slow – and quite rightly – to take every advantage which is open to it under the taxing statutes for depleting the taxpayer’s pocket. And the taxpayer is, in like manner, entitled to be astute to prevent, so far as he honestly can, the depletion of his means by the Revenue [authority].”

Organization Engagement



- ❑ Organisation tax risks, which often had been relegated to Accounts departments and outsourced to consultants, now re-emerge in organisations board rooms.
- ❑ In many jurisdictions the **chief executives** and the **board** may now be held personally accountable for the failures in the tax risk management of their organizations.
- ❑ The increased emphasis on the tax risks calls for the effective management of such risks.
- ❑ Organizations in different regions of the world administer the process of managing tax risks in a wide variety of ways .



- ❑ As part of Corporate Governance , the Boards must disclose in their report its risks (strategic, operational, financial and compliance risks).
- ❑ **Taxes** fall under the **operation risks** of compliance and may involve either the **below the line taxes** or **transactional taxes**.
- ❑ Tax **risks management** entails the risks associated with **non-compliance** with tax legislation, risks of **wrong** reporting or risks of **missed opportunity** to save tax cash outflow.
- ❑ The big picture is that taxes can **curtail strategy and organization reputation**.

❑ In contrast to popular believes, tax risks mainly arise from issues related to **poor** or **lack of** communication between departments and people, instead of factual or technical analysis of tax issues.

❑ **Insight-Communication**

❑ **Follow-up-Communication**

❑ **Facts Analysis-Communication**

❑ **Technical Analysis-Knowledge**

❑ From the above, it is clear that communication is critical to a tax risk management. 85% of mistakes in taxes are arising from communication.

❑ Making sure that the relevant persons understand the tax issue, the essential facts and what is needed to resolve the issue and most importantly: **Who takes**

Relevance of a Tax Policy and Procedures Manual

- ☐ Taxes affect every individual and every organization on a day to day basis.
- ☐ The share of resources taken up by taxes is very significant in any organization.
- ☐ . Thus it becomes critical to manage the tax affairs of organization properly to ensure unnecessary costs are not incurred.
- ☐ The impact and importance of a tax policy cannot therefore be overstated.
- ☐ This is the underlying principle behind having a clearly documented tax policy as well as procedures to act as a guide to staff, whether or not dealing directly with tax matters.
- ☐ Tax policy ensures that everyone takes appropriate responsibility for their work in order to minimise the tax risks that the organization is exposed to.

Evaluation Tool



- ❑ The policy and procedures manual will clarify the roles and responsibilities of various parties .
- ❑ Provide an objective yardstick against which their performance can be measured.

Approach to documenting a Tax Policy and Procedures Manual

- ❑ In documenting the policy, it is important to first and foremost identify the different activities, transactions or instances typical in the performance of organization operations which may have a tax implication.
- ❑ Document the procedures undertaken, as well as issues that may come up in the day-to-day operation of the operations.
- ❑ Seek to understand the functions performed by various departments and relevant staff members.
- ❑ It would therefore be necessary for staff in the different functions to take the designers of strategy through their day to day processes highlighting any interlinks with tax where applicable.

- ☐ The processes to be reviewed would include the following:
 - ☐ Budgeting;
 - ☐ Procurement;
 - ☐ Contract processing;
 - ☐ Revenue Receipts
 - ☐ Payments and recognition of expenses; and
 - ☐ Payroll processes.
- ☐ Also review existing policies and procedures with a view to identifying the linkages with tax and ensuring that the Tax Policy and Procedures Manual is in line with the overall objectives of the organization.



OUR APPROACH TO TAX

❑ Organization tax policies have been the subject of much debate in recent years.

❑ There is interest in how we make decisions about tax.

❑ How much we pay and

❑ where and when we pay.



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Routine Taxes that will affect the Actual organisation
budget/profitability

1. Pay As You Earn (PAYE)
2. Value Added Tax (VAT)
3. Withholding Tax
4. Excise/Import duty
5. Corporate taxes

Updates on Alternative Disputes Resolution

Initiating the ADR process

- The process begins after an objection decision is communicated to the taxpayer.
- The taxpayer or tax representative make a formal appeal to the Tax Appeal Tribunal first before requesting for the ADR process
- A formal application is then made to the Tax Appeals Tribunal and forwarded to Corporate Tax Dispute Resolution Division (CTDR) . CTDR is the office charged with the responsibility of facilitating the ADR process between the Taxpayer and the Commissioner
- Settlement of the dispute within 90 days of date the Tribunal/Court permits the settlement - Section 55(1) of the TPA or it shall be referred back to the Tribunal/ Court - Section 55(2) TPA.

Itax changes



- iTax modules
- Taxpayer Registration
- Tax returns processing
- Bank Collections
- Taxpayer Account
- Tax Credits & Refunds
- Compliance & Monitoring
- Audit
- Technical support Services
- Debt & Enforcement
- Payment Processing Plan
- Taxpayer Services
- Portal



Itax changes

Taxpayer Account

- Real time update of ledger upon payment registration and submission of payments through designated partner banks
- iTax ledger provides a holistic view of a taxpayer
- Taxpayers have access to their ledgers



Itax changes

Available on the portal

- PIN application, PIN Checker
- WHT Certificate Checker
- TCC Application, TCC Checker
- Generate E-Slip
- Electronic filing and amending of returns, view Tax Returns Filed
- View Taxpayer Account/Ledger
- E-Query
- Application for Refund, Transfer of Tax Credits
- Application for Payment Plan
- Application for Waivers and Write Offs

Questions



Thank you!

WHY Worry!!

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