

# Tax Incentives Under iTax and Recent Changes and Emerging Issues.

Presentation by:

David Busaule  
Business Transformation Office, Domestic Taxes  
Department, KRA  
Friday, 13<sup>th</sup> April, 2018

# Tax Incentives under iTax



iTax is a web-enabled and secure application system that provides a fully-integrated and automated solution for administration of domestic taxes.

Enables Taxpayer internet based registration, filing, paying and status inquiries with real-time monitoring of accounts.

Provides a linkage between front office and back office processes thereby enhancing customer experience and tax compliance.

- *Registration*
- *Status Inquiries*
- *Filing*
- *Payment*

# Tax Incentives under iTax



1. To enhance customer service
2. To improve transparency in tax administration
3. Reduced cost of tax administration
4. To improve business processes and efficiency
5. To increase level of tax compliance and ultimately, increase revenue collection

\*\*\* Improve doing business environment in Kenya :-

- Reduced compliance time for taxpayers
- Reduced compliance Costs for taxpayers
- Reduce the cost of collecting Tax
- Simplified tax procedures

# Recent Changes in iTax



## Registration

- LLPs' new PIN registrations
- Application for Tax Agents Certificate
- Application for excise license
- Loading of exemption certificates on iTax for Persons Living with Disability and Charitable Organizations.  
*System validates upon filing of the returns.*
- Delinking of Registration and Resident status-both ITR and ITNR available to a taxpayer

# Recent Changes in iTax



## Filing & Declaration

- Prepopulated ITR (for employment Income Only) for those employees whose PAYE was paid through iTax
- Simplification of Income Tax and VAT returns to allow capturing of lump sum WHT, Advance Tax and WVAT credits.
- **Twinning of CGT and Stamp Duty**
- Unified Payroll Return(Integration with NSSF)
- Tax type specific passwords
- Branch filing and payments
- Application for Withholder VAT refund once the cancellation is effected

# Recent Changes in iTax



## Filing & Declaration cont.

- Delivery of phase 1 of Amnesty Return on foreign income.  
*Enhancement to incorporate amendment of return and other stakeholder suggestions ongoing.*
- Separation of commercial and residential rent during with holding by the appointed tenant
- Effected new tax rates as per the Finance Act 2017-PAYE, Gaming Taxes in iTax
- Continuous aligning of iTax to the TPA provisions and other Finance Acts and Legislative changes.

# Recent Changes in iTax



## Payments and Reconciliations

- County Revenue Collection Module to collect County Revenues e.g. Land rates and SBPs
- Amendment and Cancellation of a payment slip for WHT, WVAT, Rental Income WHT and Advance Tax
- Payment slips no longer requiring selection of bank

## Most Recent:

- Making payments against an agreed payment plan, agency notice and auction notice [Enhanced Debt and Enforcement Module]

# Upcoming Changes in iTax



- Auto generation of Additional Assessment for VAT mismatched invoices
- 'iTax Prior' Credit Adjustments
- Advance Payment set-off change
- Tax representative to be able to file and make payments for different Non Resident clients(Separate ledgers)
- Simplification of the MRI and TOT returns
- Tax Agents Management
- LLPs update of iPage
- Simplification of returns e.g. IT2P and IT1 (excel upload)



# Declaration and Filing Clarifications



- Declaration of losses carried forward in Income Tax Returns
- Declaration of WHT credits in the IT2P returns and subsequent transfer of the credit to the partners ledger and the filing of the Partners Income Tax Returns
- Address erroneous usage of the special credits field in the IT2C returns
- Declaration of lump sum payments, gratuity and arrears in the PAYE return.
- Declaration of exempt income for SACCOs and Registered Retirement benefits Schemes

# Declaration and Filing Gaps



- Erroneous declaration of taxpayers who failed to charge VAT in the VAT returns
- Capturing of the wrong payment date for WHT and WVAT payment slips
- Lumping of sales in the VAT return for customers registered for VAT
- Capturing of debit and credit notes in the VAT return, Credit Adjustment Vouchers
- Lumping of tenants and landlords in the IT2C, IT2P, ITR and MRI returns
- Stakeholder engagements on return simplifications and opportunities for enhancements

# Future iTax System Integrations



- *iTax IFMIS Phase 2 to handle PAYE, WHT, Rent Income WHT*
- *Other Integrations: E promis, NTSA, e citizen, NHIF, ICMS, KEBS*

# Questions and Answers