



*Highlights of the key tax changes and the impact on businesses in 2021*

# *Voluntary Tax Disclosure Program*

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# Agenda



- What is VTDP/Tax Amnesty
- How does it apply
- Taxes covered under the VTDP
- Conditions for VTDP to apply
- Can amendment be done
- What to take note of
- What is the way forward
- Q&A

# What is VTDP/Tax Amnesty



- ❖ This is an opportunity where a taxpayer confidentially discloses tax liabilities that were previously undisclosed to the Commissioner for the purpose of being granted relief of penalties and interest of the tax disclosed.
- ❖ Are tax amnesty/ voluntary tax disclosure as tax compliance tools successful?

# How does it apply



- ❖ The program will run for a period of 3 years effective 1 January 2021 covering a tax period of 5 years prior to 1 July 2020.
- ❖ If the application is accepted, the taxpayer shall be granted a remission of the interest and penalty due on the tax liability as follows-

Remission	When disclosure & Tax liability is paid
100%	First year of the program
50%	Second year of the program
25%	Third year of the program

# Taxes covered under the VTDP



- ❖ VTDP shall apply to the following tax heads : -
  - ❖ Individual income tax
  - ❖ Corporate tax
  - ❖ PAYE
  - ❖ Withholding income taxes
  - ❖ Capital Gains Tax
  - ❖ Value Added Tax
  - ❖ Withholding VAT
  - ❖ Excise duty
  - ❖ Turnover Tax
  - ❖ Monthly Rental Income Tax

# How to apply for VTDP



- ❖ A person who wishes to take advantage of VTDP shall apply online on iTax in a prescribed return for the specific tax head under disclosure.
- ❖ When the submission is complete, the person shall receive an acknowledgement slip.
- ❖ Alternatively a person may submit a manual application - before the roll out of the module in iTax or in the event of a temporary system down time.

# How to apply for VTDP



- ❖ When submitting a manual application shall provide tax return(s) for the period(s) and the application must contain the following critical information:
  - Application date
  - PIN Number
  - Name of taxpayer
  - Tax Head
  - Tax Period
  - Tax Liability previously disclosed for the tax period,
  - Tax Liability disclosed/tax assessed.
  - Application form attached
  
- ❖ All applications received will be processed within a period of 30 days from the application receipt date.

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# Conditions for VTDP to apply



- ❖ To benefit the tax payer has to make voluntary disclosure in a prescribed form disclosing all material facts
- ❖ Taxpayer under audit (or in receipt of an intention to audit) by the KRA will not be eligible for the program.
- ❖ A person granted relief under VTDP shall not be prosecuted for their previous tax liabilities.
- ❖ Commissioner has a right to withdraw the relief if he establishes that not all material facts were disclosed, and this could lead to prosecution.



# Can amendment be done?



- ❖ Amendment of the original VTDP Return maybe made once at any time within the VTDP payment arrangement period provided the amendment does not result into a refund of taxes already paid under the programme.

# To who does VTDP apply?



- ❖ A taxpayer will not be eligible for VTDP where the taxpayer: -
  - ❖ Is under audit or investigation for the undisclosed tax, or has been served with a notice of intention to investigate or carry out an audit/compliance check for the undisclosed tax, or
  - ❖ is a party to an ongoing litigation in respect to the tax liability or any matter relating to the tax liability

# Benefits of VTDP



- ❖ VTDP presents finance relief & legal relief to the tax payer
- ❖ Tax revenue mobilization opportunity for treasury - revenue collection through enhanced compliance by bringing more taxpayers into the tax net.

# What shows that you did VTD?



- ❖ A person shall be issued with a VTDP certificate, which shall serve as evidence that the person took advantage of the VTDP for the taxes of the periods specified in that certificate.
- ❖ The Certificate issued shall only cover the taxes disclosed and the corresponding tax periods.

# What to take note of



- ❖ VTDP only applies to a disclosure resulting in payment of taxes only. No relief shall be granted relief which may result into a refund of taxes paid.
- ❖ A person granted relief under the programme shall not be prosecuted on the same set of facts in respect of the fully disclosed and paid taxes.
- ❖ A person granted relief in accordance with the provisions of the VTDP shall not appeal or seek any other remedy with respect to the taxes, penalties and interest remitted by the Commissioner.
- ❖ There is room to agree with the Commissioner an accommodative payment plan – however the payment shall be made within one year.

# What is the way forward ?



- ❖ Being aware of your tax compliance status – Need to carry out a tax health check
- ❖ It is an opportunity to grab considering state of your tax compliance.
- ❖ Engage with the commissioner to agree on the settlement plan
- ❖ Always seek clarification on any technical areas – Engage a tax professional in the whole process.
- ❖ Once settled ensure you get VTDP certificate.

**POLL!**

**Q&A**



## Next steps

Should you have any questions please let us know

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