

PROCEDURE OF FILING AND PAYING TAXES UNDER THE VOLUNTARY TAX DISCLOSURE PROGRAM

The Finance Act, 2020 introduced the Voluntary Tax Disclosure Program (VTDP) which allowed non-compliant taxpayers to disclose undeclared taxes, for the last five years prior to 1st July 2020, for the purpose of being granted relief of any attributable penalties and interest.

The VTDP took effect from 1st January 2021 and runs until 31st December 2023. A number of taxpayers have already started taking advantage of the program to streamline their tax affairs.

The program promises to grant successful applicants a percentage remission of interest and penalties on their tax liabilities depending on when taxes are disclosed and paid.

100% remission is granted for disclosures made and taxes paid in the first year of the tax amnesty (year 2021); 50% remission for the second year and 25% remission for the third year.

Procedure for Filing and Paying VTDP Taxes

On 27th September 2021, the KRA issued guidelines on VTDP filing and payments.

According to the guidelines, taxpayers should follow the following process: -

1

Prepare tax workings for the amounts to be declared under the tax amnesty program and supported by relevant documents;

2

File each VTDP return on iTax under its respective tax period and upload relevant supporting workings. The iTax system will then generate an acknowledgement receipt which will be sent to the taxpayer's respective email address recorded on iTax;

3

A verification task will be created for KRA to approve or reject the VTDP return. The approval or rejection will be communicated via the registered iTax email address; and

4

Once the VTDP returns have been approved, the taxpayer is permitted to generate a payment slip (PRN) for VTDP tax payments. All liabilities and payments will be populated on the taxpayer's iTax ledgers.

Taxpayers who successfully complete the VTDP will be issued with certificates serving as evidence of participating in the VTDP for periods specified in the certificate.

To this end, taxpayers with undisclosed taxes are encouraged to take advantage of VTDP to enjoy relief of penalties and interest.