

Rollout of the Voluntary Tax Disclosure Programme for Undisclosed Tax Liabilities

The Finance Act, 2020 introduced an amendment to the Tax Procedures Act, 2015, which provides for the initiation of a Voluntary Disclosure Programme with effect from 1 January 2021. This will see various taxpayers enjoying significant waivers on penalties and interest upon declaration of undisclosed tax liabilities.

Overview of the Voluntary Disclosure Programme (VDP)

- The programme is expected to commence on 1 January 2021 and run for a period of 3 years to 31 December 2023.
- Taxpayers who have undisclosed tax liabilities, running for five (5) years prior to 1 July 2020, should to apply to the Commissioner under the VDP to file and pay the principal taxes.
- The principal tax will be paid under a payment plan running for a maximum period of one (1) year subject to the approval of the Commissioner.
- Under the programme, taxpayers who voluntarily disclose tax liability will be granted relief from all penalties and interests as follows;

YEAR OF DISCLOSURE	PERCENTAGE REMISSION
1 st Year (2021)	100%
2 nd Year (2022)	50%
3 rd Year (2023)	25%

- The taxpayer granted relief shall not be subjected to prosecution for the pending tax liability.
- The taxpayer will also benefit from the programme in the following ways:
 - i. Full or partial waiver of interests and penalties;

- ii. Legibility for a Tax Compliance Certificate (TCC) upon completion of the payment of tax liability as per the payment plan;
- iii. Issuance of a voluntary tax disclosure programme certificate, which shall be proof of participation on the programme;
- iv. Immunity from prosecution over the specified taxes disclosed and paid in full under the programme;

Conditions for Application

1. The programme will not apply to taxpayers undergoing a tax audit or who have received notification of a pending tax audit.
2. Only undisclosed tax liabilities are amenable for relief.
3. If the taxpayer breaches the terms of the payment plan, they will be liable to pay all interests and penalties due.

Application process

The application for the programme shall be made on iTax in a prescribed return for the specific tax head under disclosure.

Once the submission is complete, the person shall receive an acknowledgement slip.

The submission can be amended once at any time within the payment arrangement period provided that the amendment does not result into a refund of taxes already paid.

The taxpayer shall then enter into an agreement to repay the tax due as a lump sum or in instalments for a repayment period of up to twelve (12) months.

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Our take.

This programme is advantageous for many taxpayers who have previously made mistakes or omissions while calculating their tax liabilities.

Taxpayers are therefore advised to review their tax affairs where there is suspected inconsistencies and take advantage of the opportunity provided.

Our value addition

We at TruQuantum Consulting are working with the taxpayers in ensuring they are compliant with the tax matters and where gaps exist we assist in taking advantage of the Voluntary Disclosure Programme (VDP).

Our value addition services entail:

Review of your records for the periods to be agreed on, to ensure you are compliant;

- Quantification of tax risks by ascertaining the principal tax, penalties and interest owed;
- Outlining any tax planning opportunities available to your business;
- Engaging the Commissioner on your behalf with regards to the Voluntary Disclosure Programme (VDP);
- E-slip generation for making payments to the KRA;
- Assist in application and follow up on Tax Compliance Certificate (TCC); and
- Training on tax compliance.

Contact us

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