

Tax Alert: Updates

July 2021

Conservatory Order Suspending The Implementation Of Minimum Tax Under Section 12 D Of The Income Tax Act

Minimum Tax, was introduced through the Finance Act, 2020 (and further amended through the Finance Act, 2021) with an effective date of **1 January 2021**. The tax is chargeable at 1% of gross turnover and payable where the Minimum Tax is higher than the instalment taxes due by taxpayers.

Following a legal petition resulting into Conservatory Orders temporarily suspending the implementation of Minimum Tax. We note that the Conservatory Orders that were issued on 19 April 2021 are still in place until the petition is determined.

Further to the court directions issued on **24 June 2021** the matter was scheduled for judgement on **27 July 2021**.

In the interest of allowing interested parties in the case file their submissions as well as taking into account the upcoming court recess, the judgement is expected to be delivered on **20 September 2021**.

We shall keep you updated on any new developments on the case as we wait for the judgement.

Automation Of Voluntary Tax Disclosure Programme (VTDP)

The Finance Act, 2020, introduced the Voluntary Tax Disclosure Programme ("VTDP"), under Section 37D of the Tax Procedures Act (TPA). The VTDP is effective from **1 January 2021** to **31 December 2023**.

VTDP is a program which allows taxpayers to voluntarily disclose any previously undisclosed tax liabilities for the periods between **1 July 2015** to **30 June 2020** and obtain either full or partial waiver on the related penalties and interest.

The Kenya Revenue Authority (KRA), through a Public Notice dated **27 July 2021** notified the general public that applications under VTDP can now be made online on the iTax portal.

The following information will be required to be disclosed while making the application:

- Details of applicable tax obligation for which relief is being sought;
- Details of return period and the relevant supporting documents; and
- Details of undeclared turnover, undeclared expenses and undeclared gross amount and the tax payable (for payment registration where applicable).

Upon making the application the applicant shall receive an acknowledgement slip via registered email address and a verification task shall be created at the respective Tax Service Office. Thereafter, upon approval/rejection of the application, the applicant will receive approval/rejection notice via their registered email address.

For approved cases, the applicant shall generate a payment slip (PRN) as per the filed VTDP return and make the payments accordingly.

AVTDP certificate will be issued to the applicant upon payment of the disclosed taxes.

How Can PKF Assist?

We are happy to walk with you to ensure a holistic review of your tax compliance status so that where applicable, you can take advantage of the VTDP.

To discuss this further, please reach out to our contacts below or your usual PKF engagement team.

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