

VOLUNTARY TAX DISCLOSURE PROGRAM.**What is the voluntary Tax Disclosure Program.**

Voluntary tax disclosure program was introduced by the finance Bill of 2020 with the aim of assisting tax payers to disclose previous tax liabilities that accrued from incomes not previously disclosed. This aims the revenue authority to enhance its collections and also to bring more tax payers into the tax bracket. This is a major reprieve for tax payers who have felt bothered by as the tax man may come knocking in the near future.

What time can the program be utilized?

The programs runs for three years having commenced on 1st January 2021 up to 31st December 2023.

What periods of incomes are applicable?

The disclosures eligible under this programme will be undisclosed taxes that accrued in the 5 year period from 1st July 2015 to 30th June 2020.

What are the benefit and how do they accrue?

Where the Commissioner is satisfied with the facts disclosed in the application, the taxpayer shall be granted a relief of the interest and penalty due on the tax disclosed and paid as follows-

- 100% remission where the disclosure is made and tax liability paid in the first year of the programme
- 50% remission where the disclosure is made and tax liability paid in the second year of the programme
- 25% remission where the disclosure is made and tax liability paid in the final year of the programme.

Which taxes are applicable for the program?

VTDP shall apply to tax liabilities accrued in the 5-year period from 1st July, 2015 to 30th June, 2020 covering the following tax heads:

-Individual income tax	-VAT
-Withholding income taxes	-Excise Duty
-Monthly Rental Income Tax	-Turnover Tax
-Withholding VAT	-PAYE
-Capital Gains Tax	-Corporate tax

Will the tax payer be prosecuted?

No. A person granted relief under VTDP shall not be prosecuted for tax liabilities disclosed under the programme. However, where the applicant fails to disclose the material facts in respect of the relief granted, the Commissioner may withdraw the relief, assess additional tax or commence prosecution.

Who can utilise the service?

A Person shall not be eligible for VTDP where:

- the person 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;
- the person is a party to an ongoing litigation in respect to the tax liability or any matter relating to the tax liability

What else is there to note?

- VTDP only applies to a disclosure resulting in payment of taxes. The person shall not be granted relief which may result into a refund of taxes paid on or before the VTDP window or which may lead to an increase in their tax credit or loss carried forward.
- 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.

What are the payment timelines for the undisclosed Tax?

The Commissioner shall enter into an agreement with the taxpayer setting out the terms of payment of the tax liability and the payments shall be made within one year.

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