



**KENYA REVENUE  
AUTHORITY**

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**PRESS RELEASE**

**VAT Tax Evasion Scheme**

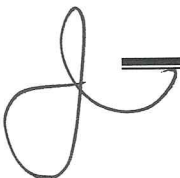
**5<sup>TH</sup> APRIL. 2018**

KRA has today arraigned in court two individuals suspected of being at the heart of an elaborate tax evasion scheme. The two, Mr. Kevalkumar Navin Maisura and Ms. Arti Jagdiesh Bakrania (alias Ms. Arti Kevalkumar Maisura), are part of a syndicate suspected to have been involved in the falsification of documents including invoices used to claim fraudulent VAT input deductions. Another suspect among the seven (7) being sought was today arrested in Bungoma and will be arraigned in court soon.

The precise amounts involved in the fraud are still being established but preliminary indications are that the sums are significant running into about seven (7) billion shillings. The fraud involves both persons who provide the fictitious documentation and those who utilise the documentation, with the latter being established businesses that seek to understate their VAT liability. To date close to 2000 companies have been identified as having benefited from the fictitious claims and recovery action for the amounts evaded is in progress, even as evidence is compiled to support prosecution.

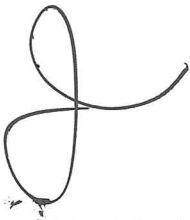
The scheme itself was exposed following detailed work undertaken by KRA's Intelligence Management and Investigation Departments over the last one year. The mandate of the newly established Intelligence Department is to establish effective frameworks to collate and manage intelligence relating to tax evasion and the role if any, of KRA staff, in abetting such malpractice. KRA is substantially enhancing investment in supporting intelligence gathering across all its activities both in Domestic and Customs operations. A core part of this strategy is to develop effective collaborative mechanisms between KRA, the compliant business community and relevant Government law enforcement agencies. To this end, work is in advanced stage to install an internet-based Intelligence Gathering System (IGS) that will provide an easy mechanism for the public to use in sharing information on tax evasion.

Teams for the Investigations Department apprehended the culprits yesterday following tip off of their plans to relocate so as to avoid arrest. Further arrests are expected in the coming weeks.



Going forward, KRA is enhancing *iTax* with a view to using system based controls to counter tax evasion perpetrated through schemes of the nature described earlier. The enhancements will enable the automatic rejection of VAT input claims that are not supported by concurrent sales declarations by those purported to have sold the product or service. Besides, time barred VAT input claims shall also be automatically rejected.

KRA is committed to continued enhancement of its systems and operating procedures in order to meet growing challenges posed by business and crime sophistication, besides also having to meet enhanced customer expectations



J. K. Njiraini, CBS

**COMMISSIONER GENERAL**