

UPDATE ON THE IMPLEMENTATION OF THE ELECTRONIC TAX INVOICE

INTRODUCTION & BACKGROUND

ETR machines were introduced in 2005 as a record keeping tool to capture the details of sales transactions by VAT registered taxpayers.

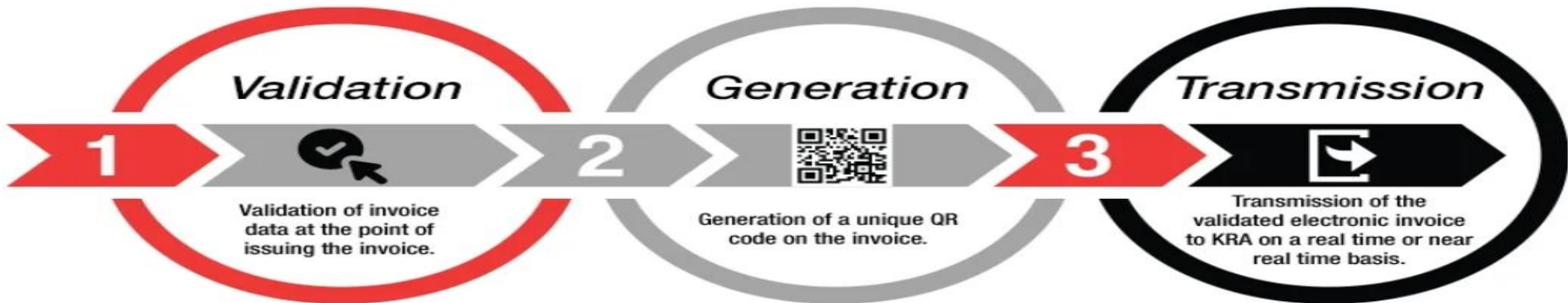
In order to better streamline VAT administration, KRA has introduced the **electronic tax invoice**

This will be achieved through the implementation of the **Tax Invoice Management System (TIMS)**

The overall objective is to increase: VAT compliance, minimize on VAT fraud and increase tax revenue

TIMS COMPLIANT ETR

What is a TIMS compliant ETR? An ETR that is capable of:



All newly registered VAT taxpayers and those who intend to replace their ETRs are reminded to adopt ETRs that are TIMS compliant.

TYPES OF ELECTRONIC TAX REGISTERS

What are the different types of ETRs?



Suitable for small business entities whose record keeping is manual and those who do sales on the move, e.g. van sales since the ETR is portable.



Suitable for retail outlets and shops using point of sale terminals.



Suitable for businesses that have automated their operations and are using software billing systems/ERPs.



Suitable for all types of business entities.

SAMPLE TAX INVOICE

██████████ DISTRIBUTORS LTD
1██████-00100 NRB KENYA
072██████
P1██████████

- START OF FISCAL RECEIPT -

Trn ID: 01-0000-B0AF
Trans no: 51466
Date: 17-12-2020:120348
Transaction By: STAFF 1
Customer Card:
Customer PIN: P██████IC
Payment By: CASH
Reference:
>

1. Pelikan Stamp Pad without ink
A KES100.00 x 1 100.00

2. Centrum Film Index notes
A KES200.00 x 1 200.00

-----PAYMENT DETAILS-----
SUB Incl. TAX : 348.00
VAT16% @16% : 48.00
ZERO RATED @0% : 0.00
VAT8% @8% : 0.00
EXEMPTED @0% : 0.00
Rounding Adjustment : 0.00
Amount Due 348.00
Cash 500.00
Total Paid: 500.00
Change 152.00

Device Id : 01-0000-B0AF
Receipt No : 0000000057

VATGrp	VARIABLE AMT	VAT AMT
A = 16%	300.00	48.00
B = 0%	0.00	0.00
E = 8%	0.00	0.00
F = 0%	0.00	0.00

- CONTROL UNIT INFO -
CU Serial No: KRAN██████████6
06
CU Invoice No: ██████████5
7



- END OF FISCAL RECEIPT -
REAL-TIME ETR SOLUTION
██████████

A: Buyer PIN

B: Control Unit Serial No.

C: Control Unit Invoice No.

D: QR Code

iTax CHECKERS

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Do you have a PIN?

Enter PIN/User ID *

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Manufacturer Authorization



Manufacturer Authorization
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To verify a Withholding Certificate, Click Here

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To consult status of your applications, Click Here

Agent Checker

To verify Withholding Agent, Click Here

Control Unit Checker

To verify Control Unit Serial Number, Click Here

Invoice Number Checker

To verify Control Unit Invoice Number, Click Here

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Control Unit Checker – to confirm the validity of an ETR; **input the control unit serial number**. Details populated - Manufacturer, Supplier & Retailer of the tax register, PIN and Name of Seller (VAT taxpayer), Date of Activation & Status (Compliant/Non Compliant)

Invoice Number Checker – to confirm the validity of an invoice/receipt; **input the control unit invoice number**. Details populated - Name of seller (VAT Taxpayer), Invoice date, Total Invoice Amount, Total Taxable Amount, Total Tax (VAT) amount.

How to Comply:

1

Refer to the KRA website for the list of approved ETR Suppliers to get in touch with.

2

Once you acquire a compliant ETR, the device will be auto activated through iTax to enable invoice validation and transmission to KRA.

3

In order to activate the ETR, the VAT taxpayer is required to acknowledge the ETR assigned to them by responding to the confirmation email from iTax.



www.kra.go.ke



Kenya Revenue Authority



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BENEFITS TO VAT TAXPAYERS



Foster fair business environment



Simplified VAT Return filing (Pre-Filled)



Faster processing of VAT refunds



Automated activation of tax register



Solution to the VAA Process (Invoice inconsistencies)



Ability to verify the validity of an invoice



KENYA REVENUE
AUTHORITY

Public Notice

Extension of deadline for compliance with Tax Invoice Management System (TIMS)

The Kenya Revenue Authority (KRA) has extended the deadline for the requirement by taxpayers to comply with regulations of Tax Invoice Management System (TIMS) to **30th September 2022**.

The extension of deadline is an administrative decision necessitated by taxpayers' request for more time to acquire and activate their TIMS devices in compliance with Electronic Tax Invoice (ETI) Regulations that were gazetted on 25th September 2020, Legal Notice 189.

The overall objective of the introduction of TIMS vide VAT (Electronic Tax Invoice) Regulations, 2020 is to increase VAT compliance, minimize on VAT fraud and increase tax revenue.

VAT registered taxpayers are required to fully transition to use Electronic Tax Registers that meet the requirements outlined in the Regulations.

For further information please call our Contact Centre on Tel: (0) 20 4 999 999, 0711 099 999 or Email: callcentre@kra.go.ke

Commissioner for Domestic Taxes

www.kra.go.ke

Disclaimer: KRA notifies taxpayers that it will not accept responsibility for payments not received, credited and validated in the relevant KRA accounts. **Corruption Reporting:** +254 (0720) 984 068, Email: corruptionreporting@kra.go.ke. **Short Messaging Services (SMS):** Dial (*572#) or Text to 22572. **Contact Centre:** +254 (020) 4 999 999, +254 (0711) 099 999, Email: callcentre@kra.go.ke. **Complaints & Information Center Hotlines:** +254 709 017 700 / 800, Email: cic@kra.go.ke

@KRACare Kenya Revenue Authority Kenya Revenue Authority

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KENYA
VISION
2030

NEW DEVELOPMENTS

- The 12months transition period as provided for by the VAT (ETI) Regulations ended on **31st July 2022**
- This means the provisions of these Regulations take effect starting **1st August 2022**
- However administratively, taxpayers have been allowed more time to acquire and activate their ETR devices up to **30th Sept 2022**. (This provision is provided for in Regulation 13)
- This time will also allow KRA to sort out any cited technical issues

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GUIDANCE TO VAT TAXPAYERS

- Taxpayers awaiting the supply, installation and integration of their new ETR devices can continue to use the old ETR devices to record their sales until they are fully on board TIMS
- VAT registered taxpayers are reminded to continue filing their VAT returns as stipulated in Section 44 of the Value Added Tax Act, 2013
- Where a taxpayer replaces their ETR, they are required to safeguard the previously used ETR in line with requirement to keep records for five years as stipulated in Section 23 of the Tax Procedures Act (TPA)
- KRA is supporting the ETR Suppliers to facilitate the VAT taxpayers to be able to comply on or before the deadline of **30th September 2022**
- KRA will continue to communicate any developments over the course of implementation

GET IN TOUCH WITH US

- *TIMS Operations Unit* -



timsupport@kra.go.ke



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0709 01 2082 | 0709 01 2077 | 0709 01 2079



The TIMS Operations Unit is located at JKUAT Towers (8th floor) Kenyatta Avenue.

Thank
you

