



## iTax Enhancements and Resolution of Defects for December 2024

### 1. Enhancements

#### (a) Apportionment of Business Income for 2023 ITR and ITNR

**Returns:** To allow for splitting of other income apart from employment income between January to June and July to December 2023 periods and apply the respective tax rates for the periods, the ITR/ITNR returns in iTax have been updated. In case a taxpayer has both employment income and other incomes, the system will first apply tax rates for the split periods to employment income hence tax the income at the correct rates instead of applying the same tax bands to both employment income and other incomes being declared in the ITR or ITNR leading to under taxation. Affected taxpayers who have already filed the 2023 ITR and ITNR returns are advised to download the updated ITR/ITNR return and amend the 2023 return. Those who had not filed, they can also proceed to file the returns. Once other sources of income are captured under either profit and loss account or partnership income sheets, the taxpayer will still be required to capture the split gross incomes and the allowable expenses for January to June and July to December under the income split computation sheet.

Business(Sheet B_Profit_Loss_Account_Self/Partnership(Sheet G_Partnership_Income) Income Split Details		
Sr.	Description	Consolidated (Excluding Employment Income) (Type) (Ksh)
1	Gross Income January - June	3,000,001.00
2	Allowable Expenses January - June	0.00
3	<b>Taxable Income January - June</b>	<b>3,000,001.00</b>
4	Gross Income July - December	7,000,000.00
5	Allowable Expenses July - December	0.00
6	<b>Taxable Income July - December</b>	<b>7,000,000.00</b>

◀ ▶ ... | O\_WHT\_Credits | Q\_IT\_Payment\_Credits | R\_DTAA\_Credits | S\_Previous\_Years\_Losses | T\_Income\_Computation\_Self | **T\_Income\_Split\_Computation**



**(b) Relaxation of 5-year limitation for cancellation of WHIT, WHRENT and WHVAT certificates**

The system has been enhanced to relax the 5-year limitation to enable taxpayers to initiate the cancellation of all types of withholding certificates for any period in iTax that might have been generated erroneously. The standard approval processes will still be applicable.

**(c) Reprint of RAVs, OAVs and IAVs under Consult and Reprint Acknowledgements and Certificates**

Taxpayers can reprint RAVs, OAVs and IAVs under the consult and reprint menu.

- For RAVs, select business process as Tax Credit and Refund and the sub process as refund adjustment voucher.
- For OAVs, select business process as Payments and the sub process as overpayment adjustment voucher.
- For IAVs, select business process as Tax Returns Processing and the sub process as instalment adjustment voucher.

**2. Resolution of Bugs & Defects**

**a) Tax Returns Processing**

- **Uploading IT2C Return with Tax Relief Certificate:** Uploading an IT2C return with tax relief scheme certificate declared via the taxpayer portal displays the error *“Exemption Certificate No.....xxxx...with given exemption type has not been issued to the taxpayer for the provided return....”* This issue was affecting filing through the taxpayer portal and it has been resolved.
- **PAYE Return Import CSV Issue for Affordable Housing Relief:** When filing the PAYE return, taxpayers were not able to import a CSV for periods from March 2024 with Affordable Housing Relief (AHR) under sheets B, C, G and H as the system is not picking the details as per the CSV. Return only allowed manual input of the relief. The issue has



been resolved to enable employers to import a CSV with AHR from the March 2024 return period and for it to be deducted from the tax payable.

**b) Payments Module**

- **Error Generating PRN for Withholding Tax Penalties/Interest:** Some Taxpayers have been experiencing system challenges when generating payment slips (PRN) for penalties and interest imposed on Withholding taxes. This issue has been resolved.
- **Inability to apply for an offset of overpaid tax for PAYE:** Some taxpayers have had challenges applying for an offset of overpaid taxes for PAYE. This issue has been resolved.
- **Withholding Rent Certificates Tax Rate:** The system has been generating Withholding Rent Certificates with the incorrect rate of tax indicated on the certificates (i.e. 10% instead of 7.5%) despite the tax computation being correct.
- **Payment and Ledger Entry Postings for Digital Service Tax (DST):** The issue affecting payment of DST and associated ledger entry postings has been resolved. These includes payment of interest and penalties which will now be imposed upon filing and not payment.
- **Payment for Digital Asset Tax (DAT):** The issue of PRN generation and correct ledger postings for digital asset tax has been resolved. The system will henceforth post debit entries upon PRN generation including penalty and interest if the payment is late. Upon payment, the system will post a corresponding credit entry.