

Overview of Withholding VAT



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Tulipe Ushuru, Tujitegeme!

What is withholding VAT?

Withholding VAT is a method of collecting VAT where a portion of VAT is collected by appointed withholding VAT agents from payments made to a local supplier of taxable goods and services.

What is the amount of VAT to be withheld and remitted?

The VAT to be withheld and remitted is 2% of the value of taxable supplies.

Who remits withholding VAT?

Withholding VAT is remitted by the appointed Withholding VAT agents on or before the twentieth day of the month following the month in which the deduction is made.

How does withholding VAT work?

When the appointed agents make payments to their suppliers, they are required to deduct 2% the value of the taxable supplies and remit it to Commissioner. The balance of the payment, including the balance/remaining 14% VAT, is paid to the supplier.

A withholding VAT certificate is issued to the supplier, via their registered email, once the VAT withheld has been remitted to the Commissioner through iTax.

Does withholding VAT apply to exempt and/or zero rated goods and services?

No VAT is withheld on exempt goods, exempt services and zero rated supplies.

Any VAT withheld in exempt and zero rated supplies is treated as tax paid in error and therefore refundable by the Commissioner.

How do you pay withholding VAT?

The payments are done online via iTax, by generating a payment slip and remitting the VAT withheld through KRA accredited banks or mobile payment.

