

INFORMATION FOR TAXPAYERS ON THE VALUE ADDED TAX AUTOMATED AUDITS (VAA)

1.0 Background

The VAT Act, 2013 requires each VAT registered taxpayer to file a VAT return on or before the 20th day of the subsequent month.

Following automation of the VAT Return Filing process, KRA issued a public notice in August 2015, making it mandatory for taxpayers to file returns online. VAT registered taxpayers are therefore required to file their VAT returns through iTax in the manner prescribed in the online form; which includes proper declaration of invoice details for transactions made between business entities or for business purposes.

In previous years, KRA used manual interventions to analyze return declarations and undertake compliance. We have however enhanced the iTax system to validate such data online by cross-matching invoice declarations made in the buyer's return with those made in the corresponding seller's return. VAA was rolled out in October 2018 with January 2018 VAT return as the pilot.

The information below is intended to assist taxpayers in dealing with the VAT Automated Audits.

2.0 How it Works

The iTax system will auto validate invoice declarations in the respective buyers' returns and flush out inconsistencies. The inconsistency reports will be sent out to taxpayers as detailed below:

- a) In the first batch, an audit report will be electronically generated and sent out to the taxpayer's E-mail by the iTax system. Taxpayers will

have Fifteen (15 days) to reconcile the inconsistencies sent to them. During this period either the buyer or the seller will need to amend their return to capture proper invoice details. Clarification may be sought from any of KRA's support structures listed in this guideline.

- b) Once the initial 15 days elapse, the system will run a check to confirm whether the initially identified inconsistencies have been resolved. If any of the inconsistencies are still unresolved, a Reminder notice will be sent automatically to both parties.

- c) When the second set of 15 days expires (30 days after the initial inconsistency notice was sent), the system will disallow inputs based on any unresolved inconsistencies.

3.0 Taxpayer support framework

The affected Taxpayers may seek support from:

- ✓ The nearest KRA Tax Service Office
- ✓ iTax Support Centres
- ✓ Huduma Centres
- ✓ KRA Contact Centre through Tel: +254204999999, +254204998000, Cell: +254711099999
- ✓ Email: callcentre@kra.go.ke

Additional information is also available on the KRA website: www.kra.go.ke

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