



**GUIDELINES FOR TAXPAYERS UNDER VAT
SPECIAL TABLE**

2023



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Introduction

VAT special table is a mechanism implemented in iTax to enhance VAT compliance where certain categories of VAT registered taxpayers are restricted from performing certain processes. The following are categories on boarded on the special table:

1. **Payment Returns without Payments (PRWPs):** Taxpayers who have filed returns and not made payments for 6 months and all efforts have been made to collect the debt through the prescribed debt collection and/or enforcement measures or the taxpayer cannot be traced. Exceptions shall be made for those who have entered into a payment plan or made partial payments.
2. **TIMS/eTIMS Non-Compliant Traders:** VAT registered taxpayers who have not complied with the Value Added Tax (Electronic Tax Invoice) Regulations, 2020 requirement to transition from ETR to TIMS/eTIMS.
3. **Non-filers:** Taxpayers who have not filed returns for a period of 6 months or more.
4. **Nil filers:** Taxpayers who have filed nil returns for a period of 6 months or more but have input tax claims made against them. This does not include taxpayers who are filing nil returns and have no input tax claims made against them.
5. **Missing Traders:** Taxpayers who are filing and paying VAT but on investigation or through an audit were found to be involved in:
 - a. VAT fraud relating to claim of fictitious input taxes; and
 - b. Use of fictitious credit notes.

Benefits of the VAT Special Table

The VAT special table bears the following benefits to KRA and Taxpayers:

1. Reduces cases of abuse of traders' PIN by fraudulent persons;
2. Identifies erroneously added VAT obligations or VAT obligations that are no longer required; and
3. Enables traders to conduct business with compliant suppliers.



Implications for Taxpayer Added into VAT Special Table

1. The taxpayer added in the VAT Special Table shall be restricted from filing VAT returns. Upon attempting to file the return, the system shall display the message: ***“This PIN is currently under review for VAT compliance irregularities. Please contact your respective Kenya Revenue Authority (KRA) Tax Service office (TSO).”***
2. Penalties charged for non-filing of VAT returns where a taxpayer has been placed in the VAT special table shall be addressed administratively.
3. The system enhancements were designed to block claims from nil and non-filers for VAT as well as from a list of suspected missing traders based on previous audits and intelligence received.
4. Traders cannot claim input tax from taxpayers placed in the special table. Upon uploading of an original or amended VAT return that contains the PIN of a taxpayer who is in the special table, the entry shall be rejected by the system and the following message displayed ***“This PIN is not eligible to input tax deduction”***.
5. Notwithstanding (4) above, where a supplier was placed on the special table for being a PRWP, but had declared the sales invoice in their VAT return for a trader whose input VAT has been disallowed, the trader can apply to their Tax Service Office (TSO) to have the input tax allowed provided that they support it with documentation as per Section 17(2) of the VAT Act 2013.
6. For traders who’s PINs are placed in the special table due to non-compliance with transitioning to TIMS/eTIMS, they are to visit their TSO for on-boarding to eTIMS.

NB

Taxpayers on boarded onto the special table will be required to contact their Tax Service Office for guidance on removal from the VAT Special Table.