



## ITAX ENHANCEMENTS -NOVEMBER 2022 VOL 1

### 1. Finance Act 2022 Enhancements

#### Tax Credits and Refunds (TCR) Module

##### a) Refund of Tax Paid in Error

The Finance Act 2022 introduced a new section 47A to provide for refund on tax paid in error for all taxes. To cater for this, the iTax system has been enhanced by creating a new sub-menu under the 'Refunds' menu for 'Taxes Paid in Error'.

The first phase of this delivery targets taxes whose respective credit has not been reflected in the iTax ledger but the taxpayer has evidence of payments made. The system will allow taxpayers to submit an application for refund of the tax paid in error for major tax heads (i.e. VAT, Income Tax, Turnover Tax, Withholding Taxes etc.) which will then be subjected to an approval process within the iTax refunds module. This functionality is currently only available on the taxpayer portal and not back-office profile implying that only a tax payer can initiate the refund application process.

**Note:** Cases with scenarios where the credit is already existent in the iTax ledger are not part of this initial enhancement phase and will be provided for in future iTax releases. As such, all refunds processing officers are requested to ensure that the ledger is not credited with the 'Tax Paid in Error' prior to processing a claim. Where the credit is present in the ledger, the taxpayer should be guided to await the second phase of this enhancement.

##### b) Offset of Overpaid Taxes (Instalment Taxes)

The iTax system has been enhanced to allow taxpayers apply for off-set of overpaid instalment taxes. When a taxpayer files their Income Tax Return and they have excess Instalment Tax payments, the system will generate an **Instalment Adjustment Voucher (IAV)**. The system will subsequently allow taxpayers to capture the Instalment Adjustment Voucher when making their next instalment tax payment and therefore be able to off-set it against instalment taxes payable for the affected period.

**Note:** The Overpaid instalment taxes can only be offset against future instalment tax payments.

##### c) Validation of outstanding liability during refund application

The iTax system has been enhanced to check outstanding liability during refund application. Where a taxpayer has unpaid taxes they will not be able to lodge refund until they are cleared by the Tax Service Office (TSO).

## **2. Updates to the KRA M-Services Application**

The KRA M-Service app was enhanced with two additional services on the following:

- a) Refund status checker: user will use the 'Acknowledgement Number' that appears on the top right side of the 'Refund Acknowledgement Notice' to confirm if the refund process is still in progress or concluded.
- b) Excise license checker: user will use the 'Excise License Number' to confirm authenticity of the excise license.

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