



**DOMESTIC TAXES DEPARTMENT
BUSINESS TRANSFORMATION OFFICE**

**iTax Enhancements and Resolution of Defects for November 2023
Vol 1**

1. Enhancements

a) Retirement of the KRA Pay Bill Number 572572

To comply with the presidential directive on adoption of Paybill 222222 as the dedicated government payment channel, KRA has discontinued the Paybill Number **572572**. Note the following guidelines on the same:

- i. Taxpayers are required to use Paybill Number **222222** and capture the PRN number generated from iTax as the account number.
- ii. The amount captured **MUST** be equal to the amount indicated in the PRN up to a maximum of **KES. 250,000** per PRN. e.g., a taxpayer with VAT liability of KES 400,000 who wants to pay through mobile money will generate two payment slips for KES 250,000 and KES 150,000 and make the payments separately.

Those who may experience a challenge paying through the MPESA/Safaricom app can try using the Mpesa menu in the SIM toolkit.

b) Transition of Stamp-Duty Payments to Ministry of Lands

The payment of stamp duty has transitioned from KRA to the Ministry of Lands (MoL). Payment of stamp duty shall henceforth be made through the Ministry's Ardhi Sasa platform. Due to this, the Stamp Duty payment option has been retired from the iTax platform. Taxpayers who might be affected by this change can get in touch with the Ministry of Lands for further guidance. A public notice on this has already been communicated by the Ministry of Lands to Members of the public.

c) VAT Pre-Populated Return Phase III:

The VAT auto-populated return has been implemented as part of this month's enhancement but will be activated in January 2024. The objective of the auto-populated VAT return is to simplify the filing process, enhance VAT compliance and transparency in return declarations. The VAT return will validate sales and



local purchases with TIMS and ETIMS data, digital purchases from DST taxpayers' VAT returns and imports from KRA's Customs ICMS system. Taxpayers will be allowed to edit their sales upwards and reduce purchases where applicable.

In the long run, full rollout of the return will improve customer experience through a simplified return filing process and enable fast-tracking of the VAT refunds validation process. A detailed step-by-step guide has also been hosted on the KRA website and can be accessed at: <https://www.kra.go.ke/publications>

A public notice has also been issued to guide the public on the effective date of the auto-populated VAT return which is the January 2024 VAT return. The public notice can be accessed on; <https://www.kra.go.ke/news-center/public-notices/2074-simplification-of-the-vat-return-filing-process>

d) Unified Payroll Return (KRA/NHIF/NSSF/NITA)

The following changes have been made to the P10 return to enhance the collection of the NITA levy and all employers will be required to download the updated P10 returns when filing their next returns:

- i. Sheet M1 (NITA_Levy) has been disabled in the PAYE return. NITA levy amount due is automatically calculated by the return template based on the number of employees declared in sheets B and C.
- ii. Employers are to declare all employees regardless of whether they fall below the PAYE threshold or not. This will allow NITA levy to be calculated at the rate of Kshs. 50. per employee whilst the PAYE due will be computed at zero by the P10 return, where the employee falls below the PAYE threshold. The system will henceforth check the NITA liability when details are captured in sheets B and C and also when validating the P10 return.
- iii. Downward editing of NITA levy contributing members from sheets B and C will henceforth only be allowed for tax periods relating to April 2023 and prior.
- iv. For employees with no PINS, the NITA levy contributing field in the tax computation sheet should be edited upwards.
- v. The above changes will reflect across all processes from the original filing of returns to amendments.



e) Data Privacy Pop Up On the iTax Portal

To comply with the Data Protection Act, the iTax system has been enhanced such that when users log in to the taxpayer profile, they will be prompted to consent to the following data privacy statement before they proceed to the next step:

"This website uses cookies to enhance your browsing experience. To learn more about this and how we handle any data we collect from you, click on the KRA data privacy statement and cookies policy. Clicking 'I understand' will indicate that you have read and understood the provisions of the statement and policy."

2. Resolution of Bugs

a) Debt & Enforcement Module

Tax Amnesty Issue of Missing Liabilities: Some taxpayers have been experiencing challenges when applying for tax amnesty due to the system failing to populate liabilities under the amnesty application window. This is despite the fact that principal tax liabilities are visible under the payment registration page. On application, the system either fails to populate some periods or indicates: 'no outstanding liabilities for the specific obligation'. The issue has been resolved and affected taxpayers can now make the amnesty application.

b) Payments Module

Generation of Payment Slips for Default WHVAT Assessments: Payment slips for Withholding VAT assessments could not be generated by taxpayers as the system was displaying an error ID. This issue has been resolved.

c) Tax Returns Processing

Housing Levy (AHL) Amendment Error – During the amendment of a PAYE return where a taxpayer had declared AHL in the original/amended return, the system was rejecting the amendment and displaying the message that AHL was being amended downwards yet the amount referenced is the same as that in the original return or amended return. The issue was caused by an upward round-off



at registration of payment (PRN generation) hence for this issue, taxpayers are guided to navigate as follows:

- The AHL liability for one employee can be rounded upwards such that the total AHL liability is similar to that of the payment e.g. AHL liability could be KES 100,022.33 but on payment the amount will be rounded upwards to KES 100,023 hence amend particular details during amendment to ensure that the AHL liability tallies with the KES 100,023.

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