



DOMESTIC TAXES DEPARTMENT

BUSINESS TRANSFORMATION OFFICE

iTax Enhancements and Resolution of Defects for September 2023

Vol 1

a) Finance Act Changes - 2023

1. Affordable Housing Levy (AHL)

- **Housing Levy Payment for Employees without PINs -**
The system has been enhanced to allow for upward editing of the housing levy amount when generating a PRN. This enhancement will allow inclusion of housing levy deducted from employees with no PIN.
- **Payment of Housing Levy for Amended PAYE Returns -** The system was only displaying incremental liability for cases where an employer amended their original PAYE return upwards to factor in additional housing levy and had already generated a PRN but had not made payment. This issue has been resolved.
- **Issue with PRN Generation for Housing Levy -** A number of employers who filed their PAYE returns and included housing levy were unable to generate a payment slip for July 2023 housing levy liability. The system indicating no liability and displays the message, *“Please note that you have not filed the housing levy return for this period.....”*. This issue has been resolved and affected taxpayers should generate PRNs and proceed to effect payment.
- **Data Correction for Amended PAYE Returns to Capture Housing Levy -** Data correction could not be initiated for cases where a return amendment had already been processed to capture Housing levy or to correct the amount that was declared in the amended return. This service can be facilitated at a Taxpayer’s Tax Service Office (TSO) by the respective account managers.
- **NITA/Housing Levy for Multiple PAYE files -** The system was not consolidating AHL and NITA levy liability for employers who upload more than two P10 forms similar to how PAYE works. This issue has been resolved.
- **AHL for Branches and Tax Representatives –** This is still under development as the option to pay housing levy is not available in the branch and tax representative profiles. For the branches who need to make a payment, a work-around is for the head office to generate a payment slip for the branches to make payments for AHL as per the return filed by the branch.



2. **Excise Return Filing for Mobile Money Licensed Taxpayers:** After the implementation of Finance Act 2023 Excise changes, some taxpayers with excise service license for Mobile money had challenges filing their returns due to the error: *“Taxpayer Needs to declare the approval notice number(s) KRA..... for Mobile Money for the return period”*. This issue has been resolved and affected taxpayers can proceed with return filing.
3. **Filing of Excise Returns for New Excisable Service:** Taxpayers who had been issued with excise license for Advertisement fees on TV, print media, billboards, radio stations (for alcoholic beverages, betting, gaming, lotteries and prize competition) could not file returns despite backdating the excise service license effective date. This issue has been resolved and affected taxpayers can file their July 2023 returns.
4. **Turnover Tax Rate (M-Service):** For Taxpayers filing TOT via M-Service, the system was imposing tax at 1% for July 2023 filers despite the Finance Act 2023 changing the rate to 3%. This issue has been resolved.

b) **Other Enhancements**

1. **VAT Return Auto-population: Phase II**

To further simplify the VAT return filing process and improve customer experience, pre-population of VAT return Phase II has been undertaken. Phase I enabled taxpayers to download a VAT return with some pre-populated details in the basic information section, withholding credits, credit brought forward from previous months, CAVs and DAVs. Phase II will enable the pre-population of the following fields of VAT Return from TIMS data;

- Sales at general rate (Section B)
- Sales at other rates (Section C)
- Sales at zero rate (Section D1)
- Exempted sales (Section E)
- General rated purchases (Section F)
- Purchases at other rates (Section G)
- Zero rated purchases (Section H)
- Exempt Purchases (Section I)

To access the pre-populated return, the user will click on the menu option ‘Returns’ and then select ‘File Returns’. The user will then click on the option ‘Download auto populated Return’ under the return period tab. Users will be required to import the csv’s upon downloading the return.

A detailed user guide of the process will be shared in due course.



- 2. VAT on Imported Services PRN Cancellation:** The system has been enhanced to provide for cancellation of PRNs for VAT on imported services. This is to facilitate taxpayers who might have generated the PRNs erroneously or used the incorrect transaction details.

c) Defects Resolution

- 1. Content of Assessment Orders:** The content of Assessment orders relating to the number of days a taxpayer should object has been aligned to the Tax Procedures Act, 2015 to read: *'A taxpayer who disputes a tax decision may lodge a notice of objection to the decision, in writing, with the Commissioner within thirty days of being notified of the decision,'* this has been revised to align the notices with the existing laws.
- 2. Excise Return Ledger Entries for Amended Returns:** The system was not posting correct incremental liabilities for amended returns for Excise obligation. A Permanent solution has been provided moving forward. For the historical cases, a solution is being developed to address such cases.
- 3. Missing Return Details When viewing 2022 ITR returns:** The system was not displaying full details on consulting and viewing ITR returns for the year 2022. This was due to changes related to NHIF declaration. This issue has been resolved.

Technical Support Services

- 4. Objecting to Withholding VAT Default Assessments:** Some taxpayers had reported a challenge when objecting to WHVAT default assessments as the system returns an error *'Please Enter Valid Assessment Number'*. This issue has been resolved and it is advised that taxpayers who have not objected to use the correct menu option in iTax (i.e. *Objection Application WHT VAT*).



KENYA REVENUE AUTHORITY

Please Enter Valid Assessment Number

OK

Home Registration Returns Debt and Enforcement Payments Assessment Disputes Refund Manage Credit Certificates

Useful Links e-Communication My Ledger TIMS Logout

Welcome ICSO 051528TEST - Last Login : AUG 16, 2022 12:15:35

HOME >>Request for Objection Application

All fields marked with * are mandatory

Request for Objection Application of Withholding VAT

5. **Objecting to Default assessments:** There are taxpayers who had been issued with default assessments but could not object. A solution has been provided for taxpayers who were assessed and could not object to the default assessments.
 6. **Objecting to Excise Additional Assessments:** There are some taxpayers who were issued with Excise additional assessments could not object. Whereas liability is clearly posted in the ledger, when the taxpayer tried to fully object to the assessment, system populates a '0' amount. The issue has been resolved.
- Taxpayer Registration**
7. **Withholding VAT agent Appointment Notification:** The notification that is sent to appointed Withholding VAT agents has been updated to read: *“This notification confirms that you have been appointed a Withholding VAT Agent under Section 42A (1) of the TPA 2015”*
 8. **iTax ‘Report a Problem’ Service:** This iTax service that allows taxpayers to report issues related to using the system has been integrated with KRA’s customer relationship management tool to streamline communication and response to taxpayer issues.
 9. **Installment Adjustment Voucher (IAV) PRNs:** When a taxpayer uses an IAV to pay subsequent Installment tax, system generates a PRN with series 6020..... The system has been enhanced such that these PRNs cannot be used to make a payment. Taxpayers who receive installment adjustment vouchers should first generate an installment PRN equal to the voucher amount using their iTax Portal accounts (i.e. if the installment amount is more than the voucher amount). A taxpayer will then proceed to generate another installment tax PRN for the remaining amount and proceed to make payment.



- 10. Mix Up of Exempt CGT Transaction Types (CGT3):** Taxpayers applying for Capital Gain Tax Exemption were getting acknowledgement receipts with different list or category of transaction from what they had selected. This issue has been resolved.