



VAT on **Digital Market Supply**

VAT ON DIGITAL MARKET SUPPLY

1. What is the effective date for VAT on Digital Market Supply in Kenya?

- 9th of October 2020 is the date the gazette notice was issued.
- What's the 6-month transition clause. The regulations issued on 9th of October 2020 provided a transitional clause of up to 6 months expiring in April 2021 for taxpayers to align their systems and start complying with the Tax.

2. Do digital service providers pay both VAT and DST?

- Yes, why?

Yes. If one is a non-resident and providing digital services as contemplated in Income Tax, DST will be payable. If the same is under the VAT Act, then the suppliers will charge VAT and remit the same to the Commissioner.

3. If a business advertises a product/service on social media targeting Kenyan market is VAT on DMS applicable?

Advertising on social media is considered a digital service and a B2B transaction thus will not be subjected to VAT on DMS unless the business entity fails to notify the social media platform that the Kenyan Business entity will account for reverse VAT.

4. Is there a turnover registration thresh hold for VAT?

No. there is no threshold in line with importation of goods and services (Reverse VAT).

5. Does VAT on DMS apply for items bought on digital marketplaces?

No. It does not apply on goods since VAT on goods will be accounted for at the point of entry into the country or by the sellers of the items

6. When is VAT on DMS due?

It is due on or before the 20th day of the succeeding month in which the digital service was offered, invoice issued, or payment made whichever comes earlier.

7. Is there a DMS income that will be exempt?

Yes, supplies exempt under first schedule of the VAT act of 2013.

8. Can digital service suppliers amend a VAT Return?

Yes. Provided that the amendment does not lead to a refund position. Any credit realised on amendments shall be deducted in the succeeding month.



Tel: +254 (020) 4 999 999, +254 (0711) 099 999 | Email: callcentre@kra.go.ke



www.kra.go.ke



@KRACare



Kenya Revenue Authority



Kenya Revenue Authority

Tuliye Ushuru, Tujitegemee!