KENYA REVENUE AUTHORITY

ISO 9001:2015 CERTIFIED

PUBLIC

DOMESTIC TAXES DEPARTMENT

FREQUENTLY ASKED QUESTIONS (FAQS) ON THE AUTOPOPULATED VAT RETURN

1. Introduction

Kenya Revenue Authority (KRA) implemented the auto-populated (prefilled) VAT return in March 2024 as part of initiatives towards addressing VAT compliance gaps and improving taxpayers' filing experience. Following the roll out, KRA conducted a post-implementation review and undertook system enhancements based on stakeholder feedback with the aim of improving customers' experience.

This FAQ document has been developed to guide taxpayers on filing the auto-populated VAT return and enhance taxpayer understanding on suppliers'compliance requirements with electronic invoicing provisions. It focuses on the following areas:

(a) Declaration of Sales

(b) Claiming of input tax

(c) Invoice Checker

Note: A separate step by step guide on filing of the auto populated VAT return can be accessed through the KRA Website by searching Pre-populated VAT return Step by Step Guide under Publications.

2. Declaration of Sales

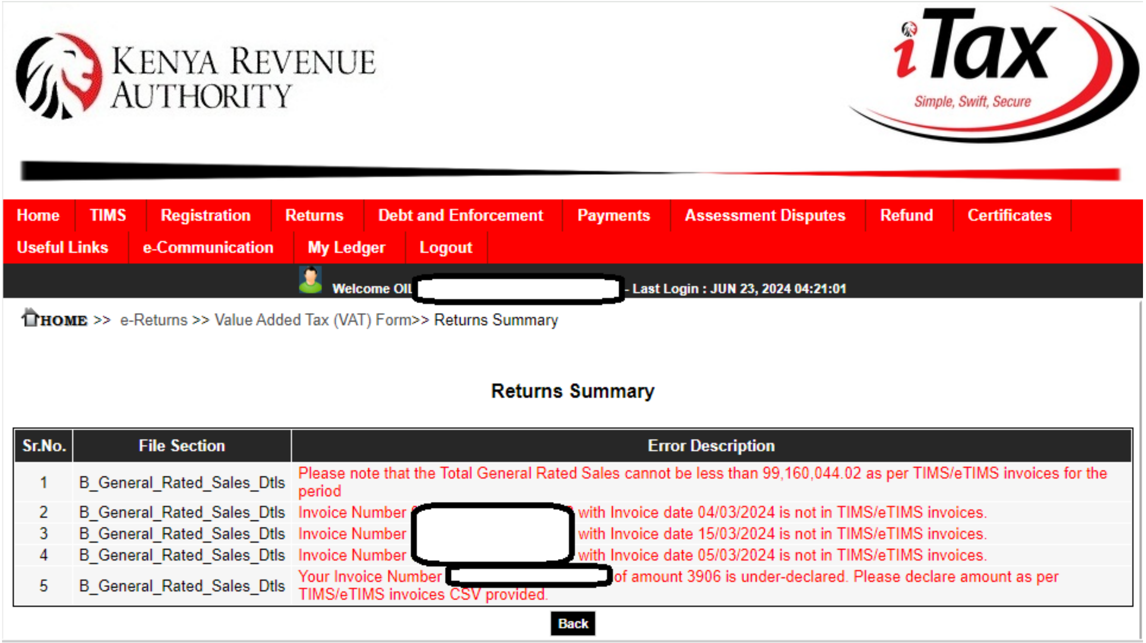
a) Transmitted eTIMS/TIMS Sales Invoices

The objective of the VAT autopopulated return is to ensure that all transmitted sales are declared in the respective sheets of the VAT return..

The return will ensure no under declaration of the total sales in the each of the VAT sales categories validated against ETIMS/TIMS.

Sales to registered VAT customers under relevant CSV to be declared on a line item cannot be altered as per the relevant fields i.e. PIN of purchaser, invoice number, invoice date and taxable amount that have been transmitted.

Transmission of sales invoices will be automatic once the ETIMS/TIMS devices or solution is connected to a network.



KENYA REVENUE AUTHORITY

iTax Simple, Swift, Secure

Home | TIMS | Registration | Returns | Debt and Enforcement | Payments | Assessment Disputes | Refund | Certificates | Useful Links | e-Communication | My Ledger | Logout

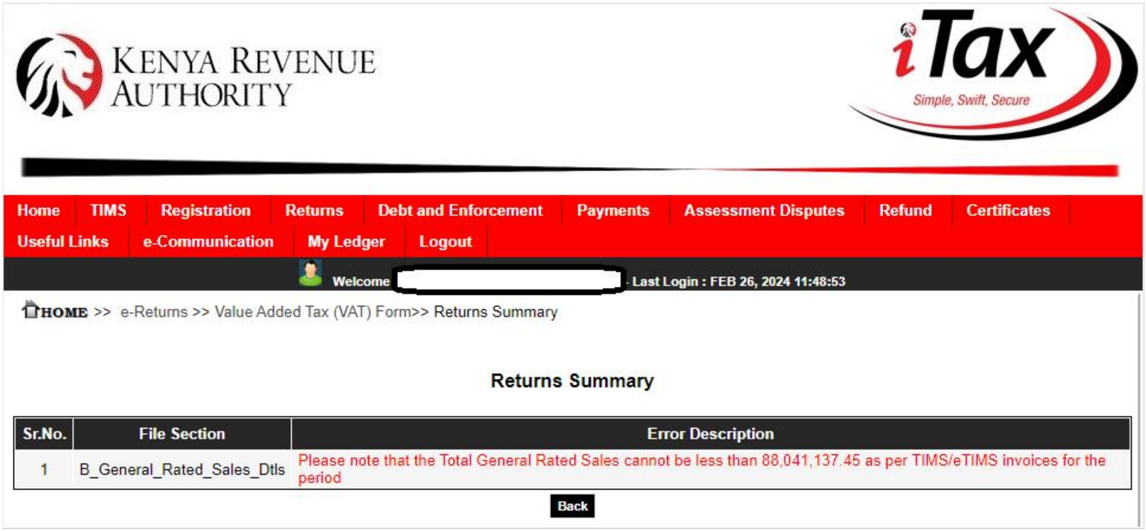
Welcome OIL [redacted] - Last Login : JUN 23, 2024 04:21:01

HOME >> e-Returns >> Value Added Tax (VAT) Form>> Returns Summary

Returns Summary

Sr.No.	File Section	Error Description
1	B_General_Rated_Sales_Dtls	Please note that the Total General Rated Sales cannot be less than 99,160,044.02 as per TIMS/eTIMS invoices for the period
2	B_General_Rated_Sales_Dtls	Invoice Number [redacted] with Invoice date 04/03/2024 is not in TIMS/eTIMS invoices.
3	B_General_Rated_Sales_Dtls	Invoice Number [redacted] with Invoice date 15/03/2024 is not in TIMS/eTIMS invoices.
4	B_General_Rated_Sales_Dtls	Invoice Number [redacted] with Invoice date 05/03/2024 is not in TIMS/eTIMS invoices.
5	B_General_Rated_Sales_Dtls	Your Invoice Number [redacted] of amount 3906 is under-declared. Please declare amount as per TIMS/eTIMS invoices CSV provided.

Back



KENYA REVENUE AUTHORITY

iTax Simple, Swift, Secure

Home | TIMS | Registration | Returns | Debt and Enforcement | Payments | Assessment Disputes | Refund | Certificates | Useful Links | e-Communication | My Ledger | Logout

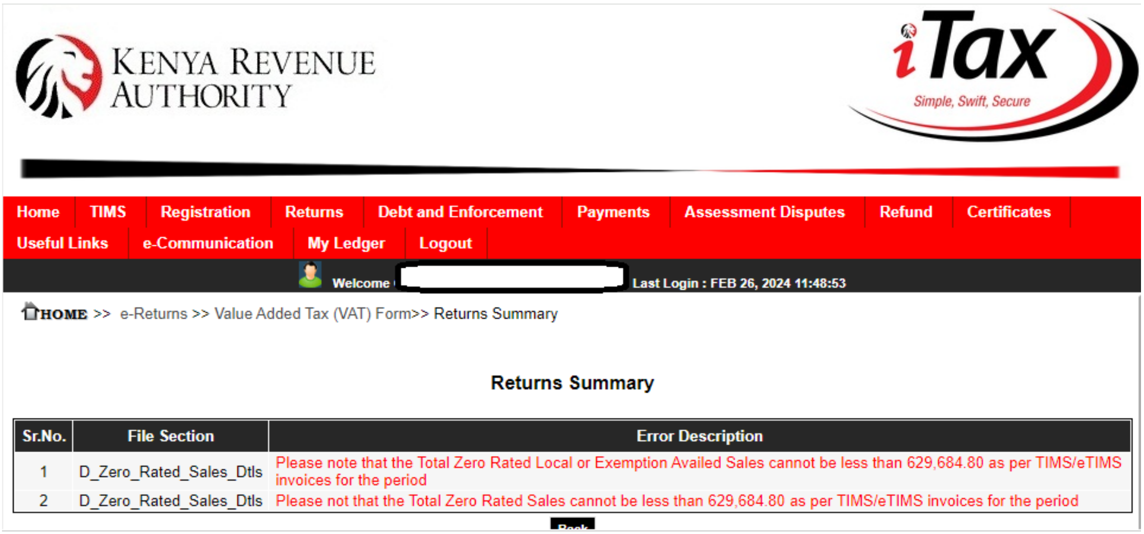
Welcome [redacted] Last Login : FEB 26, 2024 11:48:53

HOME >> e-Returns >> Value Added Tax (VAT) Form>> Returns Summary

Returns Summary

Sr.No.	File Section	Error Description
1	B_General_Rated_Sales_Dtls	Please note that the Total General Rated Sales cannot be less than 88,041,137.45 as per TIMS/eTIMS invoices for the period

Back



KENYA REVENUE AUTHORITY

iTax Simple, Swift, Secure

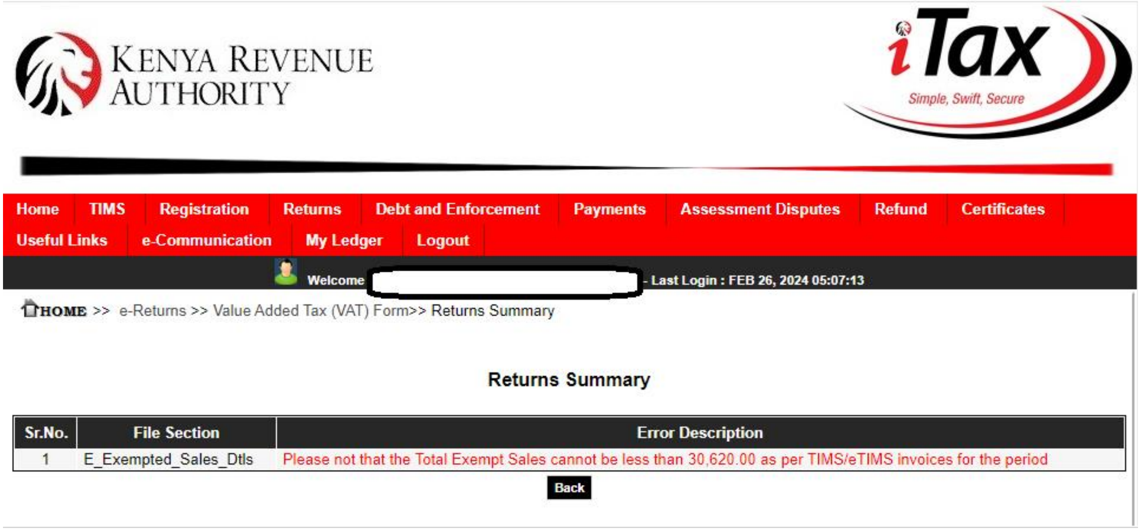
Home | TIMS | Registration | Returns | Debt and Enforcement | Payments | Assessment Disputes | Refund | Certificates | Useful Links | e-Communication | My Ledger | Logout

Welcome [redacted] Last Login : FEB 26, 2024 11:48:53

HOME >> e-Returns >> Value Added Tax (VAT) Form>> Returns Summary

Returns Summary

Sr.No.	File Section	Error Description
1	D_Zero_Rated_Sales_Dtls	Please note that the Total Zero Rated Local or Exemption Availed Sales cannot be less than 629,684.80 as per TIMS/eTIMS invoices for the period
2	D_Zero_Rated_Sales_Dtls	Please not that the Total Zero Rated Sales cannot be less than 629,684.80 as per TIMS/eTIMS invoices for the period



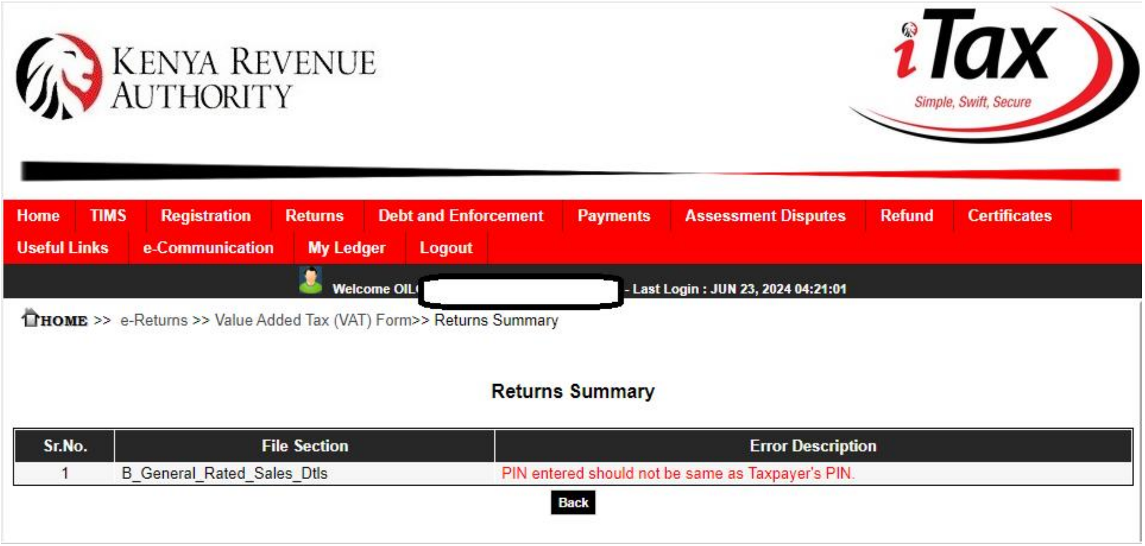
b) Un-transmitted ETIMS/TIMS Sales Invoices

In the event that you have generated a sales invoice that is eTIMS/TIMS compliant but are yet to transmit the same to KRA, the law mandates that you still declare these sales in the same tax period of filing. This will not result to over declaration of sales/output as the system will always prepopulate the sales for a tax period based on the invoice date and not the date of transmission e.g an invoice issued on 4^{th} July 2024 but transmitted in 31^{st} August 2024 still remains a sale for July 2024 and will not be part of the sales/CSVs for August 2024.

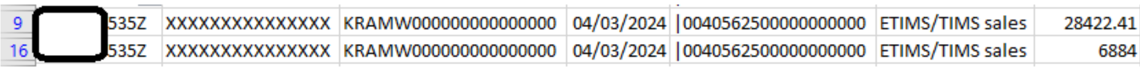
The return allows declaration of additional sales over and above the sales transmitted e.g sales through ETIMS and TIMS which have not been transmitted (devices is offline) by the time of filing the return, sales outside ETIMS and TIMS where applicable etc.
Taxpayers should use the lumpsum sales field to capture all these additional sales, which are not part of the transmitted sales to ensure correct declarations.

c) Declaration of Self – Supply

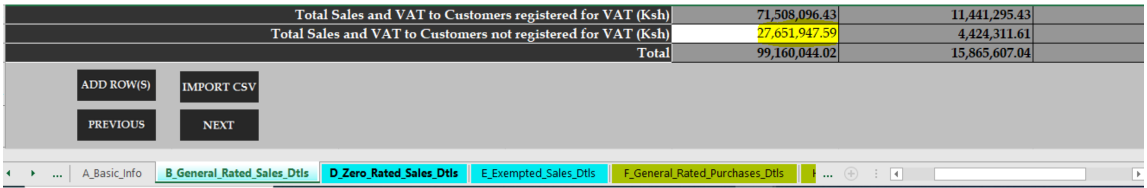
Taxpayers with self-supply and their PIN was captured as PIN of customer will have this data availed to them in their CSV file SEC_B_WITH_VAT_PIN1. After uploading the CSV file onto the VAT excel return they will encounter the below system message at the point of submitting the return.



To proceed with filing seamlessly, remove the line items/transactions from the CSV file imported in the VAT return.



Then, take the total taxable amount of the line items/transactions i.e. (28,422.41 + 6,884 = 35,306.41) and include it in the lump sum of "Total Sales and VAT to customers not registered for VAT them in the return" as highlighted below:-



An enhancement is underway to classify all self supply transactions as sales to customers without PINs or Non VAT Registered Customers who sales are captured under the lumpsum sales field.

d) Declaration of Credit Notes under Sales

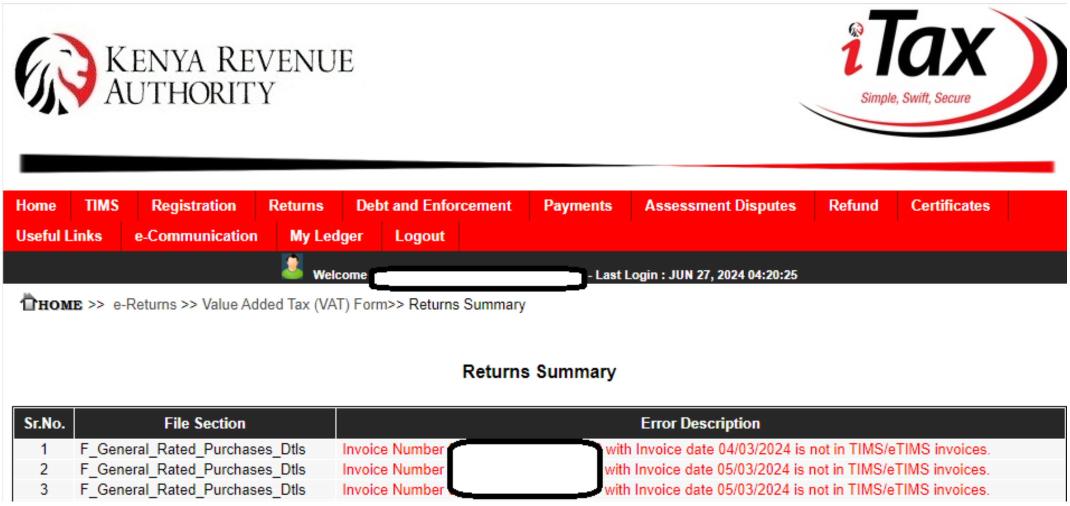
The taxpayer can claim credit notes on sales within 6 months of the invoice date. Additionally, for a taxpayer to claim a credit note for a VAT registered customer, they will claim the credit note on a line item and system will also validate if the relevant invoice number was declared on a line item in the respective return.

For sales to customers with no PINs and non VAT registered PINs, credit notes are automatically adjusted in the respective CSVs whose sales are declared under the lumpsum sales field.

3. Claiming of Input Tax

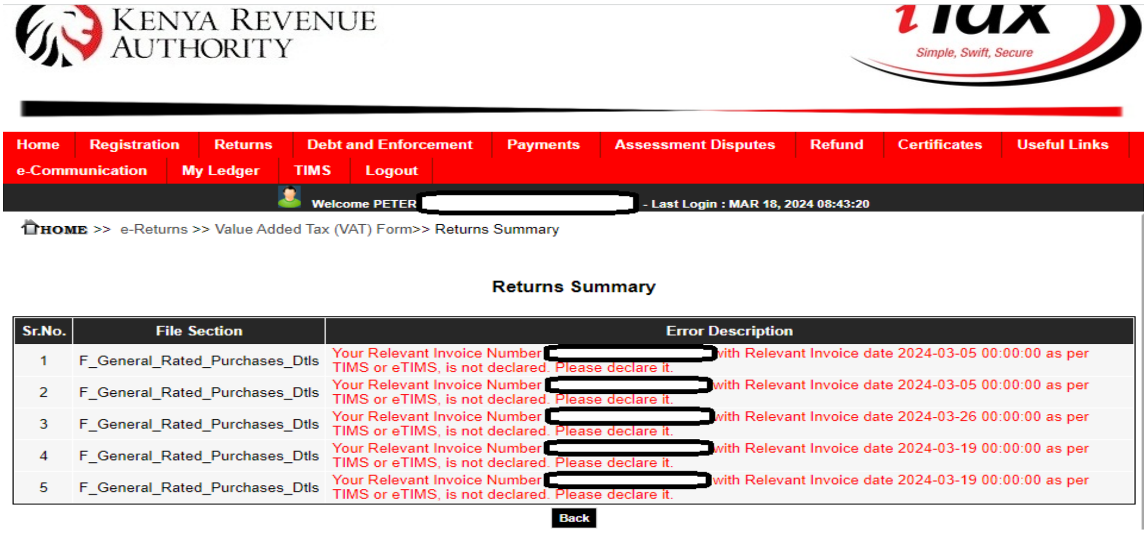
a) Transmitted eTIMS/TIMS Purchase Invoices

The objective of the VAT autopopulated return is to ensure that only the valid transmitted ETIMS/TIMS invoices for local purchases, validated digital service tax invoices from non-resident digital service providers and validated import entries are claimed as input tax.
For the purchases prepopulated in the respective CSVs including DST and Imports, no amendments can be made on the PIN, invoice date, invoice number, custom entry number or upward adjustment of the taxable value fields.
It is not mandatory to claim all the purchases as prepopulated in the VAT return CSVS as guided by Section 17 of the VAT Act 2013. The restrictions relate to apportionment of input tax, disallowing prohibited input tax, erroneous input where a supplier captured the wrong PIN and postponing the claiming to subsequent period(s) as long as it is within 6 months of the invoice date.



b) Mandatory Declaration of Credit Notes

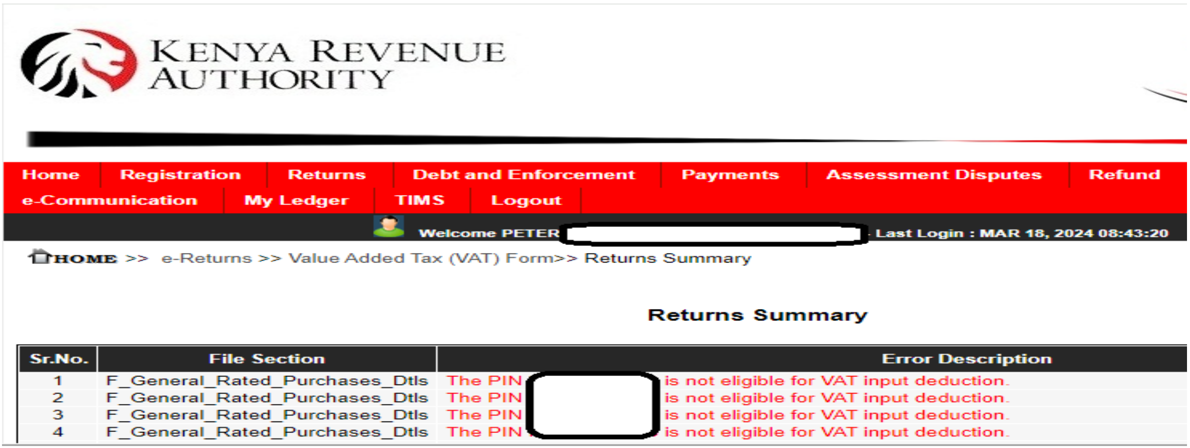
The VAT return requires the mandatory declaration of credit notes under the section F that relates to general rated purchases. Failure to claim the credit notes under purchases will result to the error message below;



Sr.No.	File Section	Error Description
1	F_General_Rated_Purchases_Dtls	Your Relevant Invoice Number [redacted] with Relevant Invoice date 2024-03-05 00:00:00 as per TIMS or eTIMS, is not declared. Please declare it.
2	F_General_Rated_Purchases_Dtls	Your Relevant Invoice Number [redacted] with Relevant Invoice date 2024-03-05 00:00:00 as per TIMS or eTIMS, is not declared. Please declare it.
3	F_General_Rated_Purchases_Dtls	Your Relevant Invoice Number [redacted] with Relevant Invoice date 2024-03-26 00:00:00 as per TIMS or eTIMS, is not declared. Please declare it.
4	F_General_Rated_Purchases_Dtls	Your Relevant Invoice Number [redacted] with Relevant Invoice date 2024-03-19 00:00:00 as per TIMS or eTIMS, is not declared. Please declare it.
5	F_General_Rated_Purchases_Dtls	Your Relevant Invoice Number [redacted] with Relevant Invoice date 2024-03-19 00:00:00 as per TIMS or eTIMS, is not declared. Please declare it.

c) Claiming of Input Tax from a supplier in the VAT special table.

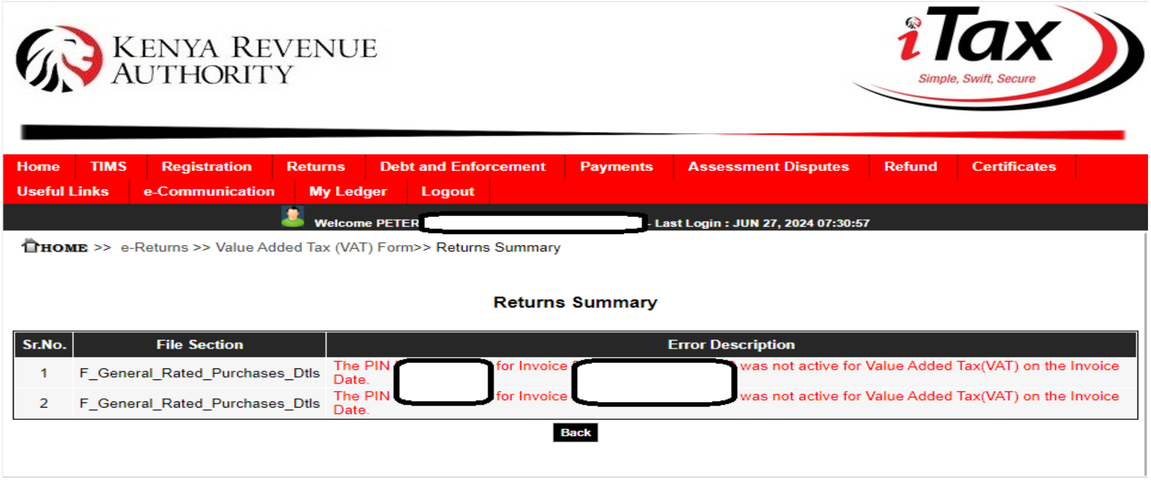
This is a mechanism implemented in iTax to enhance the VAT compliance. Certain categories of non-compliant VAT registered taxpayers are restricted from input tax claims by their customers. The solution to address the below system message is to *remove* all line items/transactions relating to the affected supplier PIN in the VAT Special Table from the VAT return being filed.



Sr.No.	File Section	Error Description
1	F_General_Rated_Purchases_Dtls	The PIN [redacted] is not eligible for VAT input deduction.
2	F_General_Rated_Purchases_Dtls	The PIN [redacted] is not eligible for VAT input deduction.
3	F_General_Rated_Purchases_Dtls	The PIN [redacted] is not eligible for VAT input deduction.
4	F_General_Rated_Purchases_Dtls	The PIN [redacted] is not eligible for VAT input deduction.

The VAT special table check for suppliers relating to the credit notes being claimed in the VAT return is relaxed. The supplier PINs will therefore not be rejected if it relates to a credit note.

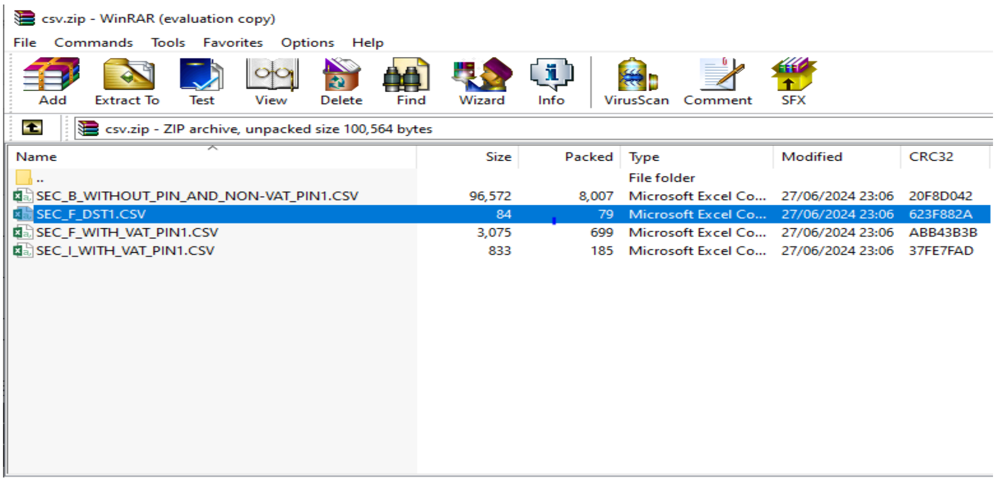
d) Claiming of Input relating to a supplier whose VAT obligation has been made dormant or deactivated will lead to the error message below;

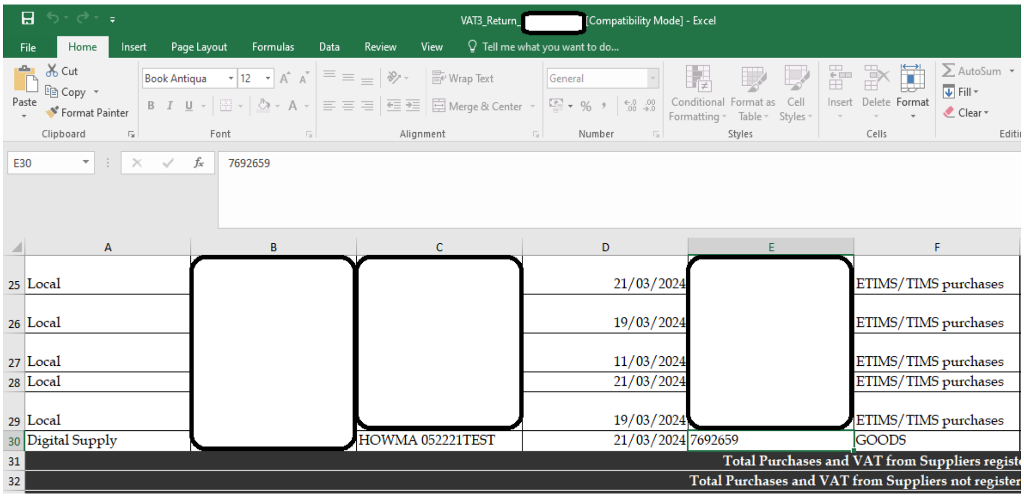


Solution is to liaise with the supplier or KRA to reactivate or reinstate the VAT Obligation before the input tax can be claimed in the current or subsequent VAT return.

e) Claiming of Input from a supplier trading in the Digital Supply Marketplace.
This will be achieved having met the following conditions;

- ✓ Filing of the VAT return by the digital supply taxpayer who will declare their VAT registered customers on a line item.
- ✓ Once these sales transactions are visible in the iTax system then they will be auto populated and are claimable under the section DST CSV by the respective customers.
- ✓ Since non-resident digital suppliers are exempted from the provisions of the electronic tax invoice, their invoices will not have the format of a TIMs/eTIMs invoice in the auto populated return as they will be their respective trader invoice numbers.



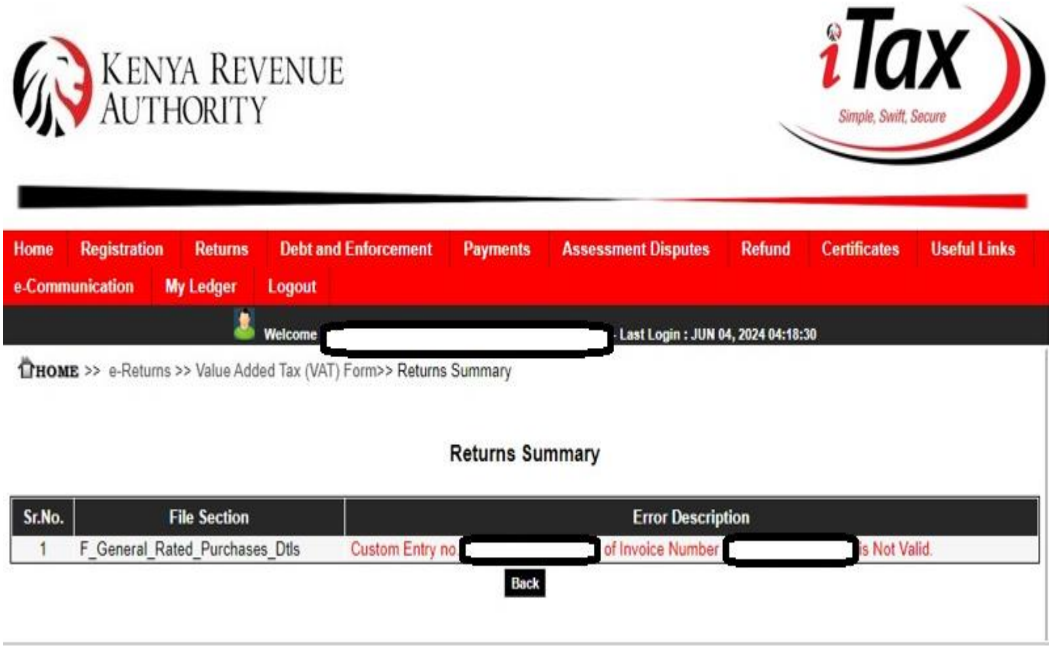


f) Claiming of Input Tax from Imports.

The iTax system validates import entries against the Customs Business Systems Data. This will ensure the import VAT being claimed in the VAT returns is valid, relates to the taxpayer and can only be claimed once.

Therefore, the taxpayer must meet the following conditions before system accepts the claiming of an import entry:-

- ✓ The import entry number is valid and issued through our customs business system.
- ✓ The import entry has not been claimed in any of the previous return(s).
- ✓ The PIN of the claimant/consignee as per the custom entry is the one filing VAT return and claiming the custom entry.
- ✓ The entry has vatable supplies with VAT at 16%.
- ✓ All the taxes have been fully paid to customs.
- ✓ The status of the entry in ICMS should be 'settled' or 'removed'. If the status of the entry is pending release, pending removal, under control, cancelled etc. the taxpayer will be required to liaise with customs or their clearing agent for the status to be updated to 'settled' or 'removed' before claiming the import entry in the VAT return.
- ✓ The system will allow claiming of an import entry which has met the above conditions even if it is not in the section imports CSV.



g) Claiming of Input Tax Within 6 Months

The return allows claiming of any input tax for local purchases, imports or digital supply within 6 months after the end of the tax period in which the supply or importation occurred.
The system will display the current months input tax but also allow claiming of previous tax periods input tax as long as they have met the conditions as explained above for the various categories(local, imports, digital supply) where they will be added to the existing tax period input tax prepopulated as per the respective CSVs.

4. Invoice Checker

The Invoice checker has been enhanced to capture additional details relating to the type of invoice, date of transmission and name of the buyer as per the PIN captured by the seller. This will enable both sellers and buyers to take corrective action within the same tax period and also identify early enough any system issues on their invoicing solutions not transmitting the buyer details to KRA through the control unit.

KENYA REVENUE AUTHORITY

iTax Simple, Swift, Secure

HOME Invoice Checker

All fields marked with * are mandatory

Invoice Checker

Control Unit Invoice Number * [redacted]

Validate Reset Home

Invoice Details

Invoice Details

Control Unit Invoice Number	[redacted]	Trader System Invoice Number	000000000010422
Invoice Date	04/03/2024	Total Taxable Amount	7255.17
Total Tax Amount	1160.83	Total Invoice Amount	8416
Supplier Name	[redacted]	Transmission Date	25/03/2024 17:33:02
Invoice Category	Tax Invoice	Invoice Type	Original
Buyer Name	[redacted]		

KENYA REVENUE AUTHORITY

iTax Simple, Swift, Secure

HOME Invoice Checker

All fields marked with * are mandatory

Invoice Checker

Control Unit Invoice Number * [redacted]

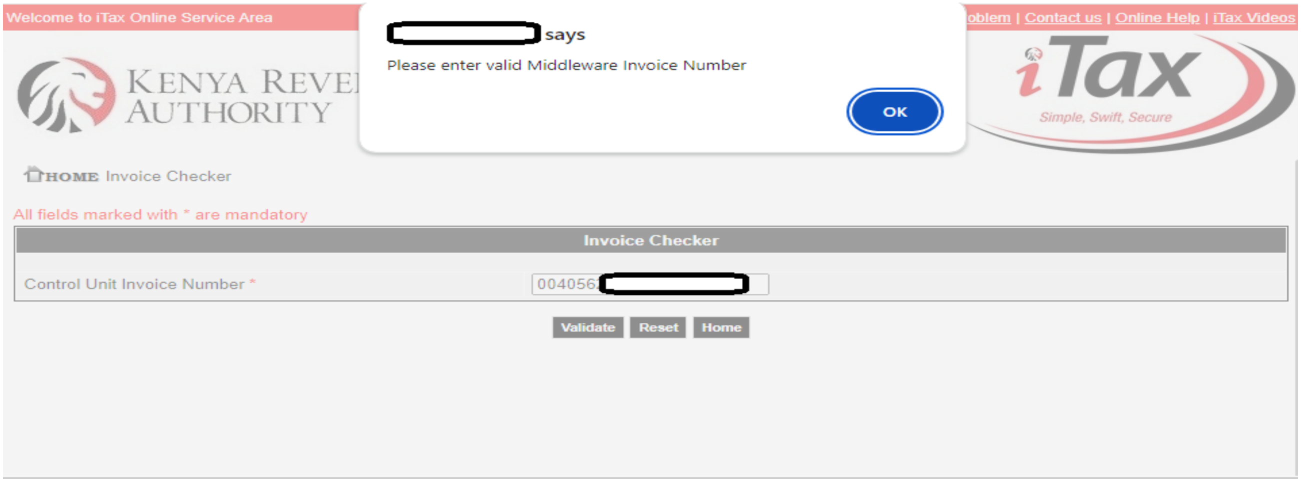
Validate Reset Home

Invoice Details

Invoice Details

Control Unit Invoice Number	[redacted]	Trader System Invoice Number	note00362024
Invoice Date	06/03/2024	Total Taxable Amount	515.62
Total Tax Amount	82.5	Total Invoice Amount	598.12
Supplier Name	[redacted]	Transmission Date	06/03/2024 17:07:11
Invoice Category	Credit Note	Invoice Type	Original
Buyer Name	[redacted]		

During the validation of invoices the below system message might be displayed which means the invoice has not been transmitted to KRA yet.



Taxpayers can also validate the invoice through scanning the QR Code whose feedback will the relevant invoice details.

END