KENYA REVENUE AUTHORITY

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TAXPAYER GUIDELINES ON IMPLEMENTATION OF TAX AMNESTY UNDER SECTION 37E OF THE TAX PROCEDURES ACT CAP469B

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TAXPAYER GUIDELINES ON IMPLEMENTATION OF TAX AMNESTY UNDER SECTION 37E OF THE TAX PROCEDURES ACT, CAP 469B

1. Introduction

Section 37E of the Tax Procedures Act, CAP 469B, as amended by the Finance Act, 2026, provides for remission of penalties, interest and fines relating to tax liabilities for tax periods up to **31 December 2025**, subject to the conditions prescribed by law.

The tax amnesty aims to encourage voluntary compliance by enabling taxpayers to regularise outstanding principal tax liabilities while obtaining relief from the related penalties, interest and fines.

Implementation of the tax amnesty is fully automated through the iTax system. Eligible taxpayers are **not required to submit an application** for amnesty.

2. Objective

These Guidelines are intended to help taxpayers understand:

a. who qualifies for Tax Amnesty;
b. taxes covered by the Amnesty;
c. how to obtain the Amnesty;
d. how to apply for an Automatic Payment Plan;
e. how to generate Payment Registration Numbers (PRNs); and
f. the treatment of disputed liabilities and legacy system debts.

3. Legal Framework

These Guidelines are issued pursuant to Section 37E of the Tax Procedures Act, CAP 469B and the Finance Act, 2026.

4. Amnesty Period

The tax amnesty commenced on **1 July 2026** and shall expire on **31 December 2026**. To benefit from the amnesty, all qualifying principal taxes, relating to periods before **31 December 2025,** must be fully paid on or before **31 December 2026**.

5. Who Qualifies for Tax Amnesty?

Taxpayers qualify for tax amnesty if they fall under either of the following categories:

5.1. Category I – No Outstanding Principal Tax

Taxpayers qualify automatically where they have **no outstanding principal tax** for tax periods up to **31 December 2025** but only have outstanding penalties, interest or fines relating to those periods. No application is required.

5.2. Category II – Outstanding Principal Tax

Taxpayers qualify where they have outstanding principal tax relating to tax periods up to **31 December 2025** and fully pay the outstanding principal tax on or before **31 December 2026**. Once payment is made, the system will automatically remit the corresponding penalties, interest and fines.

5.3. Returns Filed During the Amnesty Period

Where taxpayers file outstanding returns relating to periods up to **31 December 2025** during the amnesty period, Nil returns will automatically qualify for amnesty, and where principal tax becomes payable, taxpayers will qualify once the principal tax is fully paid by **31 December 2026**.

5.4. Disputed Tax Liabilities

Taxpayers may also qualify if their liability is under Objection, Alternative Dispute Resolution (ADR), Tax Appeals Tribunal, Court or any other dispute resolution mechanism provided that the dispute is concluded within the amnesty period and the agreed principal tax is fully paid by **31 December 2026**.

6. Taxes Covered by the Amnesty

The amnesty applies to taxes administered under the Tax Procedures Act, CAP 469B for tax periods up to **31 December 2025**. The amnesty covers penalties, interest and fines. It is granted separately for each tax obligation and tax period.

For taxpayers with a **December 2025 year-end**, any penalties and interest relating to principal tax for that year qualify for amnesty, provided the principal tax is paid within the amnesty period. Similarly, penalties and interest relating to **December 2025 monthly tax obligations** qualify for amnesty.

7. Taxes Not Covered

The following do not qualify;

a. Principal tax,
b. penalties, interest and fines relating to tax periods from **1 January 2026** onwards,
c. Customs duties administered under the East African Community Customs Management Act.
d. Agency revenues.
e. Fines imposed for offences committed by taxpayers that do not arise from a tax debt or are not computed based on a tax debt.

8. How the Tax Amnesty Works?

a. The tax amnesty is fully automated.
b. Taxpayers are **not required to submit a separate application**.
c. The system determines eligibility automatically and grants amnesty immediately once the qualifying conditions are met.
d. Amnesty will not apply for interest, penalties and fines that were already paid before the re-introduction of the amnesty.

9. Payment of Principal Tax

Where a taxpayer is unable to pay the qualifying principal tax in one instalment, they may apply for an **Automatic Payment Plan** through iTax.

9.1. Step 1: Apply for an Automatic Payment Plan

1. Log into iTax.
2. Select Payment.
3. Select Apply for Payment Plan (New).
4. Complete the application.

Where a taxpayer has debts that qualify for amnesty and others that do not qualify, both may be included in the same payment plan. However, each category will continue to receive its respective treatment.

9.2. Step 2: Generate a Payment Registration Number (PRN)

Once the Payment Plan has been approved:

1. Taxpayers shall generate a Payment Registration Number (PRN) through iTax.

2. For liabilities qualifying for amnesty, taxpayers are only required to pay the principal tax. Before a system enhancement that allows population of only the principal tax for amnesty period is delivered, taxpayers should ensure that only the principal tax amount for the eligible amnesty periods is captured for payment.
3. Taxpayers shall carefully confirm the PRN details before making payment since erroneously paid interest, penalties and fines will not be refundable or transferable.

9.3. Step 3: Pay the Approved Instalments

Taxpayers shall continue paying the approved instalments until all qualifying principal taxes have been fully paid. Once the qualifying principal tax is fully paid, the system will automatically remit the related penalties, interest and fines provided they are paid by latest **31 December 2026**.

10. Payment of Non-Amnesty Liabilities

Tax liabilities that do not qualify for Amnesty will continue to attract interest and penalties in accordance with the law which is not subject to waiver. Payment of these tax liabilities will not affect taxpayer entitlement to tax amnesty on qualifying debts.

11. Credits and Overpayments

Where taxpayers have validated tax credits or overpayments, they may be offset against outstanding tax liabilities in accordance with the law and only the remaining principal tax, if any, will require payment.

12. Legacy System Debts

Validated Legacy System outstanding principal tax qualifies for tax amnesty. For Legacy system liabilities;

a. An Amnesty Certificate will be issued,
b. The Legacy Ledger will not display an Amnesty entry, and
c. Where the principal tax is not paid by **31 December 2026**, applicable penalties and interest will be included, in accordance with the law.

13. Taxpayer Responsibilities

To benefit from the tax amnesty, a taxpayer shall:

a. File all outstanding returns;

b. Adhere to any applied Payment Plan;
c. Ensure that all qualifying principal taxes are fully paid by **31 December 2026**;
d. Continue filing current returns and paying on time;
e. Pay all accrued tax debts from **1 January 2026**;
f. Verify the accuracy of Payment Registration Numbers (PRN) before making payment;
g. Promptly resolve any outstanding disputes to enable payment of the agreed principal tax within the amnesty period;
h. Submit any reconciliation documents to conclude on ledger adjustments;
i. Make applications to offset any refunds and tax overpayments to reduce the taxes payable;
j. Confirm all the served assessments are in the system; and
k. Finalise any amendments to the return and submit for processing.

14. Confirmation of Tax Amnesty

Once the qualifying conditions have been met;

a. The iTax system will automatically grant the tax amnesty,
b. The taxpayer's ledger will reflect the updated status and
c. An Amnesty Certificate and notification will be made available through iTax.