

GUIDELINES TO TAXPAYERS ON RE-ACTIVATION OF DEREGISTERED/CANCELLED VAT OBLIGATIONS

Kenya Revenue Authority will deregister/cancel the VAT obligations of **66,269** taxpayers who were perennial non-filers and nil-filers effective **10th June 2021**.

The cancellation will be done pursuant to our Public Notice of 5th May 2021 on **“Deregistration/Cancellation of Tax Obligations”** and in accordance with Section 36(5) of the VAT Act, 2013 and Section 10(5) of the Tax Procedures Act, 2015.

The following guidelines provide the broad basis to taxpayers who will wish to have their VAT obligations re-activated: -

1. The taxpayer shall apply for re-activation to the Commissioner through their respective Tax Service Office while clearly stating the grounds/reasons for reactivation of their VAT obligation, which may include, among others, that the taxpayer: -
 - i. requires a VAT obligation to conduct their business and remain competitive in the market;
 - ii. would like to take advantage of the Voluntary Tax Disclosure Programme.
 - iii. is a supplier whose purchasers/customers wish to claim input taxes related to certain transactions but have been inconvenienced by the de-activation of the supplier’s VAT obligation.
2. The taxpayer shall provide the date they started trading and charging VAT, and will be required to provide any documentation or information requested for by the Tax Service Office in accordance with the provisions of the law, for purposes of ascertaining their tax liability.
3. Perennial nil filers seeking re-activation must satisfactorily demonstrate to the Commissioner their need for the VAT obligation since they have been filing nil VAT returns.
4. Once re-activated, the taxpayer shall be required to file all the missing VAT returns to date or amend previously filed nil returns to capture their correct tax position. The taxpayer will also be required to make payments for the outstanding VAT liability or enter into a payment plan with the respective Tax Service Office.

5. Upon re-activation of the affected taxpayer/supplier's VAT obligation and compliance with the aforementioned conditions, the respective purchasers/customers of the said supplier will then be able to claim their input tax in accordance with the provisions of the VAT Act, 2013.
6. To avoid future deregistration/cancellation or other punitive enforcement measures, as provided for in the tax statutes, the taxpayer shall be required to: -
 - i. ensure all future returns are filed and payments made on time;
 - ii. keep proper tax records;
 - iii. comply with all their tax obligations under other revenue laws.

Note:

All taxpayers who wish to take advantage of the Voluntary Tax Disclosure Programme can still do so as per the provisions of the law and published guidelines.

For further clarification on the deregistration/cancellation of VAT obligations, please contact us through callcentre@kra.go.ke

Commissioner of Domestic Taxes