



Taxation of Partnerships

Must a Partnership apply for a PIN?

Yes. A partnership is required to apply for a PIN on <https://itax.kra.go.ke/KRA-Portal/>

What are the required documents?

- Copy of the Acknowledgement receipt
- PIN Certificate for one of the partners (needs to be on iTax)
- Deed of Partnership (optional)
- Tax Compliance Certificate of the partners (optional)

Do Partnerships pay corporation tax?

Partnerships do not pay corporation tax. All partners must individually account for their taxes. Their profit is distributed to the individual partners in the ratio of their ownership.

Where do Partnerships declare their profit?

Partnerships declare their profit through the Income Tax Partnership Return (IT2P). When filing a partnership return, one is required to capture the PIN of each partner and indicate the profit sharing ratio. Any profits or losses are then transferred to each partner's PIN to be used when filing their annual return

When is the Income Tax Partnership Return (IT2P) due?

On or before 30th June of the following year

How are the individual partners taxed?

The profit from the partnership forms part of each individual's income, from where it is taxed as business income at a graduated scale of 10%- 30%. The partners are required to file their Individual Income Tax Returns for a particular year of income, between 1st January to 30th June of the following year.

Can a Partnership register for other tax obligations?

Yes. Partnerships with employees are required to apply for PAYE.

Partnerships can register for VAT if they deal with the supply of taxable goods or services.