

ITAX ENHANCEMENTS AND RESOLUTION OF DEFECTS FOR JULY & AUGUST 2025

1. FINANCE ACT, 2025 & OTHER LEGISLATIVE CHANGES

a) Imposition and Adjustment of excise duty rates for excisable goods and services

(i) Excise Services Registration & Change in Excise Duty Rates

A new excisable service category—*"Excise duty on fees charged on virtual asset transactions by virtual asset providers"*—has been introduced. Taxpayers can now register for this service, file returns, and make payments accordingly. Other iTax changes affecting excisable services as per the Finance Act, 2025 legislative changes are detailed in the table below.

Excisable Services				
		Previous Tax Rate from 01/07/2023	Previous Tax Rate from 01/01/2025	New Tax Rate (w.e.f 01/07/2025)
1	Betting	12.5%	15%	5% on the amount deposited into a customer's betting wallet
2	Gaming	12.5%	15%	5% on the amount deposited into a customer's gaming wallet
3	Lottery	12.5%	15%	5% of the amount paid or charged to



				buy the lottery ticket
4	Price Competition	12.5%	15%	5% of the amount paid or charged to participate in a prize competition.
5	Excise duty on fees charged on virtual assets transactions by virtual asset providers	-	-	10% of the excisable value.

(ii) Removal from the list of excisable products (imports)- Goods

- The following classes of goods, along with their corresponding excise duty rates, have been removed from the list of imported excisable products. Imported eggs
- Imported onions
- Imported potatoes, potato crisps and potato chips
- Coal
- Imported self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics,
- Imported Float glass and surface ground or polished glass, in sheets
- Printed paper or paperboard
- Cosmetics and Beauty products

(a) Withholding Tax Changes

iTax has been enhanced to include the following categories of Income Tax Withholding Taxes. These updates apply to payments made via the web portal as well as through the BCL Excel template

	Nature of Transaction	Withholding Tax Rate	Withholdee	Will Suppliers/withholdee get a withholding certificate?
1	Withdrawals made by punters	5%	(i) Residents (ii) Non-Residents	No
2	Gains or Profits from Ship Owners/Charterers	2.5%	(i) Non-Residents Only	Yes

(b) Repeal of the Digital Asset: Taxpayers registered for Digital Asset Tax (DAT) will only be able to generate payment slips for periods where the ‘Transfer Date’ is before 30th June 2025, following the repeal of this tax.

(c) WHVAT Exemption Changes as Per Tax Laws 2024

The following changes have been effected on this process to comply with the Tax Laws Amendment Act 2024.

- (i) Amendment of the label for ‘Investment Amount for Period between 1st July 2019 and 30th June 2022’ to ‘Investment Amount on 31st December 2024’.
- (ii) Change of label for exemption type in the VAT Withholding Tax Exemption Certificate from VAT Withholding Tax Exemption for a registered manufacturer whose value of investment for the preceding three years before 1st July 2022 is at least KES 3 Billion to read “*VAT Withholding Tax Exemption for a Registered Manufacturer whose value of investment on the 31st December 2024 is at least two billion shillings*”.

(d) Timelines for Objection/Appeals to Exclude Weekends



The timeline for submitting objections/appeals against tax decisions will exclude weekends and public holidays. The iTax system has been updated to reflect this change.

2. OTHER ITAX ENHANCEMENTS

a) Taxpayer Returns Module

- **Enhancement of the Income Tax Resident and Income Tax Non-Resident returns for capturing of lumpsum/gratuity/Pension/Arrears Income to minimise workarounds:** The ITR & ITNR Returns (Offline and Online) have been enhanced by providing a new sheet/field for declaration of other incomes with final tax (e.g. Lumpsum/Gratuity/Pension/Arrears/Qualifying Interest/Dividends) earned in the year taxpayer is filing for. The declared income will however not be included/factored into the Net Taxable income/tax due/refund due for the year. The return will however show the consolidated gross income for the year. Taxpayer who would wish to declare such incomes are encouraged to download the latest versions of the ITR/ITNR Returns.

Section F2: Details of Lumpsum/Gratuity/Pension/Arrears/Qualifying Interest/Dividends			
S/N	Pymment Type	Gross Amount	Tax Deducted
1	Lumpsum		
2	Gratuity		
3	Pension		
4	Arrears		
5	Qualifying Interest		
6	Qualifying Dividends		
7	Others		
Total		0.00	0.00

PREVIOUS NEXT

... Errors A_Basic_Info F_Employment_Income **F2_Other_Income_with_Final_Tax** K_Details_of_PAYE_Deducted

- **Simplified PAYE Return Update** – the simplified Excel PAYE return is now available for downloading under the returns menu. Also, following the roll out of the simplified PAYE return, it was noted that AHL contribution declared in the return does not populate on the acknowledgement receipt. This issue has been resolved. Further, upon successfully filing using the simplified return, the declared AHL



contribution does not populate on the payment form forcing employers to manually capture the amount to be paid. This issue has been resolved.

- **Interim Save Issue for ITR Return:** When a taxpayer begins filing ITR return using ITR for employment income only and does an interim save, they would get an error “*You have already filed the original return and the same is under further processing*”. The issue has been resolved.
- **Correction of Tax Due/Refund due Acknowledgement Receipt Narration:** An error identified on the acknowledgement receipt for taxpayers whose total net taxable income is below the annual exemption amount of 1,800,00 to exclude personal relief as part of the refund due in the filed return had been rectified.
- **Preferential Tax Regime Changes for low cost housing:** iTax system has been enhanced to Introduce lower limit of 100 units to qualify for low cost housing preferential regime as provided by the miscellaneous amendment act of 2017. Effective date is 04/05/2017
- **Processing of Foreign Income Tax Amnesty Applications:** Applicants (taxpayers) were required to make applications for foreign amnesty on repatriated foreign income in Kenyan Shillings. This presented challenges in processing applications that were made in foreign currencies. iTax has been enhanced to allow officers processing such cases to capture foreign currency used (e.g. USD, EURO) as per repatriation documents.

b) Agency Taxes

- **Athi Water Agency Revenue Collection:** KRA has partnered with the Athi Water Works Development Agency (AWWDA) to collect Agency Revenue on its behalf as communicated earlier. A Back-office payment registration service has been developed so that officers can assist taxpayers when necessary to generate payment slips for this agency tax.
- **Rollout of the Collection of Sugar Development Levy** – KRA has been appointed as the collector of the Sugar Development Levy by the Kenya Sugar Board effective 01/07/2025. Millers shall be required to generate a payment slip in iTax under the tax head “agency revenue” and tax sub-head “Sugar Development Levy” and make payments at the KRA agent banks or mobile money through eCitizen Paybill Number 222222 with the payment registration number as account number.



c) Payments

- **Offset of OAV/RAV against PAYE, WHTIT, WHTVAT, and WHTITRENT:** System has been enhanced to disable the ability to offset the Legacy Adjustment Voucher (LAV), Overpayment Adjustment Voucher (OAV), and Refund Adjustment Voucher (RAV) amounts against PAYE, WHTIT (Withholding Tax), WHTVAT (Withholding VAT), and WHTITRENT (Withholding Rent). For WHTIT, WHTVAT, and WHTRENT obligations, the fields for claiming the OAV/RAV in the Excel template have been greyed out to implement this change. Offset against other obligations will continue as before.
- **Disabling Amnesty Payment Restrictions:** With the lapse of the Amnesty period on 30th June 2024, the payment restriction or prompt where the taxpayer could not pay more than the principal tax has been disabled.
- **Additional Partner Banks:** The following banks have been included in the list of KRA Partner banks in PRN, DIB BANK KENYA LIMITED, HABIB BANK, HOUSING FINANCE BANK, KINGDOM BANK LIMITED, SBM BANK KENYA LTD.
- **Declaring Advance Tax in amended Returns:** When taxpayer files an original return and later receives advance tax credits that were not there during original return filing, system did not allow such credits to be included in the amended return, even if present in the ledger. This issue has been resolved.

d) Taxpayer Registration Module

- **WHTVAT Exemption Certificate Checker:** A system defect that was reported earlier on the withholding VAT exemption checker on the iTax portal to recognize withholding VAT exemption certificates has been resolved for the iTax Web Portal on both the M-Service App and eCitizen platform.
- **Onboarding of Taxpayers on the electronic government procurement (eGP) system–** Some taxpayers are having challenges onboarding on the new government procurement system due to data integrity issues between KRA and BRS. Taxpayers and officers are required to confirm the following;
 - i. For companies, the registration number and names in iTax are similar to the details in the Business Registration Service(BRS)/Ecitizen. For update of business registration numbers, escalate the issue through Tax Service Offices or Callcentre@kra.go.ke for an update using the subject Business

Registration Number Amendments and include the PIN and scanned copy of the registration certificate number.

- ii. For individuals/sole proprietors, all the business names and their respective numbers are captured under the source of income in their profiles.
- iii. For non-individuals, the company must be linked in BRS.

e) VAT Auto-Populated Update.

- **HS Codes for exportation of goods and services mapping:** The omission of the following **TIMS Export Codes** had led to misclassification of export sales as **Zero-Rated Local Sales** in the VAT Return. A permanent solution has been provided for moving forward, as we await provision of a data fix for invoices that had been transmitted. Additionally, **HS Code 0032.21.00** has been removed, as it is not present in the current **TIMS Master List (version 84)** and should therefore not be classified as an export code.

No.	TIMS HS Code	ETIMS Code	Description
1.	0023.22.01	9902202300	The exportation of taxable services
2.	0002.32.00	9903200200	The supply of goods or taxable services to an export processing zone business as specified in the Export Processing Zones Act Cap 517 as being eligible for duty and tax free importation.
3.	0012.32.00	9903201200	The supply of goods or taxable services to a special economic zone enterprise.

- **Claiming of input VAT from eTIMS/TIMS invoices where the PIN of the buyer was transmitted in lower case:** There was a challenge noted on claiming input VAT for the aforementioned issue. We have provided a solution where a system intervention converts the lower-case letters in the KRA PIN to upper case, which is then mapped to the name of the taxpayer.