



OVER 40 YEARS OF ACCOUNTING EXCELLENCE



Voluntary Tax Disclosure Program

Tax Due Dates .5





Newsletter

MBAYA AND ASSOCIATES

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Introduction

We are pleased to release the twelfth edition of our tax newsletter for the year 2021. In this issue, we will mainly focus on the new developments in the tax regime through the tax notices. We also have an article on the positive growth mind set as we close the year. We are grateful for your interaction and are happy to be of service to you.

We wish you, your teams and their families a happy festive season. Go ahead and, take a deserved break and, spend time with family and, enjoy the festive season in a safe manner.

On the right column of the newsletter, you will find contact details for the senior members of our team who can help answer any questions you may have about the issues highlighted in this newsletter or any other matter.

We are interested in your feedback on the items covered and any topics you would like to see featured in upcoming issues of the newsletter.

Please provide any feedback at tax@mbaya.co.ke

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» From the TaxDesk »

Voluntary Tax Disclosure Program (VTDP)

Through a public Notice dated 22nd November 2021, Kenya Revenue Authority (KRA) wishes to remind the public of the ongoing Voluntary Tax Disclosure Programme (VTDP) which allows a taxpayer to confidentially disclose tax liabilities that were previously undisclosed to the Commissioner for the purpose of being granted relief of penalties and interest on the taxes disclosed. The VTDP commenced on 1st January 2021 and shall run for a period of 3 years to 31st December 2023. A person who makes full and complete disclosure under the program shall be granted whole or partial relief of penalties and interest on the taxes disclosed after payment of principal taxes within the VTDP period. KRA encourages taxpayers to take advantage of the VTDP in the first year to obtain full relief of penalties and interest. For one to enjoy 100% relief, the application and payment of principal taxes must be made by 31st December 2021. The relief of penalties and interest available under the Program for the years 2022 and 2023 is 50% and 25% respectively.

Taxpayers who would like to enjoy 100% relief should therefore submit their applications under the VTDP in good time in order to obtain approval and make payments for the disclosed income before the end of the year.

Any applications made or approved after 31st December 2021 shall not be entitled to full waiver of penalties and interest. We kindly request all our clients to pass the information so that any taxpayer who feels that he/she may need to take advantage of this program before expiry of the first year may get assistance. We are on standby to help in case of such a service.

Requirements for Uptake of the Electronic Tax Invoice

Through a public Notice dated 22nd November 2021, the Kenya Revenue Authority (KRA) wishes to notify all VAT registered taxpayers and the public that the new Electronic Tax Registers (ETRs) that are compliant with the Tax Invoice Management System (TIMS) are now subject to an automated activation process through the iTax System. In this regard, KRA will no longer issue approval letters for the purchase of non TIMS compliant ETRs to newly VAT registered taxpayers or taxpayers intending to replace their existing ETRs.

Consequently, suppliers of ETRs are notified to cease supply of Electronic Tax Registers that are not compliant with the Value Added Tax (Electronic Tax Invoice) Regulations, 2020 effective 15th January 2022.

KRA takes this opportunity to thank all the VAT registered taxpayers who have come on board as early adopters and are already generating and transmitting Electronic Tax Invoices to KRA.

Inflation Adjustment on Specific Rates of Excise Duty - November 2021

With regards to the general inflation levels experienced in November of 2021, the Kenya Revenue Authority through a public Notice dated 5th November 2021, would like to inform manufacturers and importers of excisable goods and the public that the rates of excise duty on excisable goods that have a specific rate of duty, have been adjusted using the

average inflation rate for the 2020/2021 financial year of 4.97% as required under Section 10 of the Excise Duty Act, 2015. The adjusted rates are provided under Legal Notice No.217 of 2021 and are effective from November 2021. The list of the goods affected is provided below:

Description	Old Rate of Excise Duty	New Rate of Excise Duty
Fruit juices (including grape must), and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter	Sh. 11.59/litre	Sh. 12.17/litre
Bottled or similarly packaged waters and other non-alcoholic beverages, not including fruit or vegetable juices	Sh. 5.74/litre	Sh. 6.03/litre
Beer, cider, perry, mead, opaque beer and mixtures of fermented beverages with non-alcoholic beverages and spirituous beverages of alcoholic strength not exceeding 6%	Sh. 116.08/litre	Sh. 121.85/litre
Powdered beer	Sh. 116.08/kg	Sh.121.85/kg
Wines including fortified wines, and other alcoholic beverages obtained by fermentation of fruits	Sh. 198.34/litre	Sh. 208.20/litre
Spirits of un denatured ethyl alcohol; spirits liqueurs and other spirituous beverages of alcoholic strength exceeding 6%	Sh. 265.50/litre	Sh. 278.70/litre
Cigars, cheroots, cigarillos, containing tobacco or tobacco substitutes	Sh. 13,247.63/kg	Sh. 13,906.04/kg
Electronic cigarettes	Sh.3,974.08/unit	Sh.4,171.59/unit
Cartridge for use in electronic cigarettes	Sh.2,649.74/unit	Sh.2,781.43/unit
Cigarette with filters (hinge lid and soft cap)	Sh.3,312.96/mille	Sh.3,477.61/mille
Cigarettes without filters (plain cigarettes)	Sh.2,384.24/mille	Sh.2,502.74/mille
Other manufactured tobacco and manufactured tobacco substitutes; "homogenous" and "reconstituted tobacco"; tobacco extracts and essences	Sh.9,273.55/kg	Sh.9,734.45/kg
Motorcycles of tariff no. 87.11 other than motorcycle ambulances and locally assembled motorcycles	Sh.11,608.23/unit	Sh.12,185.16/unit
Imported sugar confectionary of tariff heading 17.04	Sh. 35/kg	Sh. 36.74/kg
White chocolate, chocolate in blocks, slabs or bars of tariff nos. 1806.31.00, 1806.32.00, and 1806.90.00	Sh. 209.88/kg	Sh. 220.31/kg
Products containing nicotine or nicotine substitutes intended for inhalation without combustion or oral application but excluding medicinal products approved by the Cabinet Secretary responsible for matters relating to health and other	Sh. 1,200/kg	Sh. 1,259.64/kg

Description

Old Rate of Excise Duty

New Rate of Excise Duty

manufactured tobacco and manufactured tobacco substitutes that have been homogenized and reconstituted tobacco, tobacco extracts and essences.





GROWTH MINDSET

How to Develop a Positive Growth Mind Set

Individuals can either have a positive growth mind set or a fixed mindset. Those who believe that their talents can be developed and honed through learning have a growth mindset. They tend to achieve more than those who have a fixed mindset and believe their talents to be innate gifts that they either have or don't have.

A positive growth mind set is crucial to an organization's continued success because it:

- Makes employees feel more empowered, motivated and committed
- Inspires greater collaboration and innovation
- Increases performance levels
- Fosters a culture of learning
- Helps one to learn from past mistakes
- Leads to improved working relationships
- Lowers stress levels
- Gives one a clear vision of where they wish to be.

Below are some ways that leaders can foster a positive growth mind set in the workplace:

- Create an environment for growth. Managers can do this for their employees by providing training sessions as well as opportunities for workers to interact with more experienced members of staff and learn from their experience. Employees can also be coached to develop critical thinking skills that will help them navigate challenging problems.
- Remove fear of failure. When failures are used as learning opportunities, it encourages employees to welcome challenges, think outside the box and become more innovative.
- Set learning goals as opposed to performance goals. Performance goals are short-term in nature and focus more on metrics and KPIs, having a "pass or fail" mentality. On the other hand, learning goals are aimed at improvement of skills and growth as a whole.
- Avoid group think. Group think occurs when workers, seeking validation from leaders, fall into line with them and suppress any dissenting opinion. Leaders should therefore encourage open discussion among team members on any alternative views. Anonymous suggestion boxes could also be put in place at the workplace to encourage employees to contribute to the decision-making process. This will help them to become independent thinkers.

Individuals can also develop a positive growth mind set by taking the following steps:

- Continuous learning. Employees should take the initiative to pursue professional and personal development opportunities. Continuous learning ensures you stay ahead of the game as a professional.
- Build a network within the industry. Joining industry-specific groups and associations offers not only training opportunities but also a chance to build relationships with others in the field.
- Ask for improvement feedback. Upon completion of a project or task, one should ask for feedback on what they can do to improve, not just whether the work was good or bad. This will prevent a fixed mind-set that sometimes results from too much praise.

Our careers, like our lives, are full of change and adapting is our best asset. By developing a positive growth mind set, we will be able to embrace change, seize opportunities and ultimately thrive.

Happy Thanksgiving

We, the Mbaya Family appreciate you for being our valued client. We are grateful for the interactive sessions and the feedback that we have received to help us improve our services.

As the year comes to a close, we are grateful to God for sustaining us and all our clients through the year. We thank you for all your support. In this festive season, let us all celebrate God's goodness by being considerate of those in need.

We wish everyone of you a happy festive season as we look forward to a better and brighter 2022.

Tax Due Dates

Withholding Tax | 20th Day of the following month
Pay as You Earn | 9th Day of the following month
VAT | 20th Day of the following month
Balance of Tax on Self-Assessment | 4th Month after year end
Monthly Rental Income | 20th Day of the following month



Instalment Tax

1st Instalment | 20th day of the 4th month after year end
2nd Instalment | 20th day of the 6th month after year end
3rd Instalment | 20th day of the 9th month after year end
4th Instalment | 20th day of the 12th month after year end

Kindly note that all the returns must be filed on I tax while the payments e-slips must be generated from the I-Tax platform.

Digital Service Tax (DST)

20th day of the following month

Minimum Tax

Applicable where minimum tax is higher than instalment tax payable

1st Instalment | 20th day of the 4th month after year end
2nd Instalment | 20th day of the 6th month after year end
3rd Instalment | 20th day of the 9th month after year end
4th Instalment | 20th day of the 12th month after year end