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## EXCISABLE GOODS MANAGEMENT SYSTEM GOES LIVE

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# Newsletter

MBAYA AND ASSOCIATES

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## Introduction

We welcome you to the eleventh edition of our tax newsletter. In this issue we share with you the new high-tech systems KRA is using to net tax cheats and the recent KRA notice on excisable goods.

From our secretarial desk, we discuss the importance of filing the annual secretarial return and some pictorials for our cheerful 40th anniversary celebrations held on 9th October 2019 at the Sankara Hotel.

You will find our contact details on the right column. Senior members of our team will assist you by offering clarity on the issues highlighted in this newsletter or any other questions.

We are interested in your feedback on the items covered and please let us know the topics you would like us to cover in the coming days.

Feel free to provide any feedback at [tax@mbaya.co.ke](mailto:tax@mbaya.co.ke)

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» 1979 - 2019

» From the **TaxDesk** »*Excisable Goods Management System Go Live*

Through a public notice dated 28th October 2019, all licensed manufacturers, importers, distributors, retailers and general public that further to the Public Notice dated 30th August 2019, bottled water, juices, energy drinks, soda and other non-alcoholic beverages manufactured or imported into Kenya from 13th November, 2019 must be affixed with an Excise Stamp in accordance with Section 28 of Excise Duty Act 2015 and Legal Notice 53 of 30th March, 2017.

Only licensed manufacturers and licensed importers of Excisable Goods in accordance to Section 15 of the Excise Duty Act 2015 can obtain Excise Stamps. To purchase Excise stamps, visit <https://egms.kra.go.ke> using the log in details issued after licensing.

All bottled water, juices, energy drinks, soda and other non-alcoholic beverages manufactured or imported into Kenya prior to the go live date will be allowed in the market without stamps until 31st January, 2020.

Any products manufactured or imported as listed below shall be seized and offenders prosecuted:

- a. On or after 13th November, 2019 found not bearing an excise stamp.
- b. Before 13th November, 2019 and found in the market after 31th January, 2020 not bearing an Excise Stamp.

*KRA's New High-Tech Systems to Curb Tax Cheats*

KRA is on a fishing expedition. The missed targets for the last financial years have led to the renewed efforts to seal existing loopholes and collect more taxes to meet the revenue targets.

A new face at the helm has also contributed to the new measures that have been put in place. Several taxpayers have been charged in court with tax evasion and the tax agents have also not been left aside. Those found culpable by assisting tax evasion will face the full wrath of the tax man.

Some of the measures includes but not limited to the following:

- › Getting real time data on motor vehicle purchases, property deals and real estate investments. This is after integrating its system with other agencies like Kenya Power, National Construction Authority (NCA), the National Transport and Safety Authority (NTSA) and this will assist them to detect tax cheats.
- › Registration of cars, landlords seeking electricity bill meters for their premises will be viewed instantly by the taxman. Electricity and water meter locations have assisted to tell where the properties are situated while the level of electricity consumption is used to estimate the size of the rental property This will significantly reduce the hurdle getting real time information on taxpayers.
- › The taxman's system integration with the National Environment Management Authority (Nema) will assist to smoke out individuals seeking regulatory nod for mega projects, which would reflect their financial muscle. Data from the Kenya Civil Aviation Authority (KCCA) will reveal individuals who own helicopters and light aero planes.
- › In light of this, their declared incomes and taxes paid will be matched with the assets/spending and clarifications sought to explain the variances if any.
- › The wealth hidden in trusts and a web of companies so as to evade taxes will also not be spared.

- ) Businesses are expected to have installed new electronic tax registers connected through the Internet to KRA's systems by June next year. This will be allowing monitoring of all transactions real time. Under the new system, the taxman will receive sales data from all registered companies and traders on a daily basis and therefore VAT declaration will just be a matter of confirming data which the taxman will already be having.

The taxman's argument is supported by the fact that only a few Kenyans have been registered as high-income earners' bracket despite the recorded growth in various sectors of the economy. The efforts to match spending with the income declared to the taxman is a new strategy aimed at unearthing individuals whose lifestyles are not in tandem with the taxes they pay

KRA is also seeking taxpayers to pay their rightful share of taxes, especially business people.

The authority has hired a team of auctioneers to help it track properties of individuals and companies who have failed to pay the tax due.

## » From the *Secretarial Desk* »

### *Filing an Annual Secretarial Return*

Filing of annual returns is often confused with filing of tax returns for companies in Kenya. Companies in Kenya are required to submit a statutory Annual Return every year on the anniversary of the company's incorporation or the anniversary of the date of the last annual return filed at the companies' registry.

This is done via the Registrar of Companies online portal on the **e-citizen** platform. It is very important to complete the annual return form and file it with the registrar of companies within 28 days from the 'Date of this return' and for good governance, a return should be filed 14 days after holding the Company's Annual General Meeting (AGM).

An Annual Return form is a compliance document that informs the registrar that the company is still active and bears the following information:

1. Company Name and Number
2. Registered Office Address
3. Nominal, Issued, Paid & Unpaid Share Capital
4. Particulars of Indebtedness
5. List of shareholders and their particulars
6. Particulars of Directors and Company Secretary

Private companies only submit the return form whereas Foreign Branches and Companies Limited by Guarantee are required to accompany the Annual Return with the company's Annual Financial Statements. By filing, one is required to complete a form compatible with the nature of the company. The forms are available at the registrar's website [www.attorney-general.co.ke](http://www.attorney-general.co.ke)

## Additionally, please note that;

- a. A fee of Kshs. 1000 is payable to the Companies Registry in respect of each Annual Return.
- b. A penalty of Kshs. 500 will be charged for any return filed out of time.
- c. The company name and number should match the information held by the Registrar.
- d. You should complete your principal business activity and you have not used the form to make changes to the registered office address.
- e. You have not used this form to make changes to secretary and director details.
- f. You have fully completed the Statement of capital (if applicable).
- g. You have signed the form.
- h. You have paid the correct fee.
- i. You have attached relevant documents required.
- j. Handwritten forms shall not be accepted.

Our sister firm Savanna Associates, Certified Public Secretaries are at hand to assist all our clients in the Annual Returns Filing and onward maintenance of their companies.

Do reach them through [savanna@mbaya.co.ke](mailto:savanna@mbaya.co.ke) to update your compliance filing.

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## 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.

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## Pictorials of our 40<sup>th</sup> Anniversary

