



UNDERSTANDING
THE VOLUNTARY
DISCLOSURE
PROGRAM (VDP)

Voluntary Tax Disclosure Programme (VTDP)

This is a programme where a taxpayer confidentially discloses tax liabilities that were previously undisclosed to the Commissioner for the purpose of being granted relief of penalties and interest of the tax disclosed.

When will VTDP become effective?

VTDP shall be effective 1st January 2021 and shall be in effect for a period of 3 years up to 31st December 2023.

Which tax periods will VTDP Cover?

The disclosures eligible under this programme will be for tax periods of up to 5 years prior to 1st July 2020. This is from 1st July 2015 to 30th June 2020.

What remission will an applicant get on penalties and interest?

If the application is accepted, the taxpayer shall be granted a remission of the interest and penalty due on the tax liability as follows:-

- i. 100% remission where the disclosure is made and tax liability paid in the first year of the programme
- ii. 50% remission where the disclosure is made and tax liability paid in the second year of the programme
- iii. 25% remission where the disclosure is made and tax liability paid in the final year of the programme

What tax liabilities are covered under VTDP?

VTDP shall apply to tax liabilities accrued/derived in the period commencing on or after 1st July, 2015 but not later than 30th June, 2020 covering the following tax heads:

- Individual income tax
- Corporate tax
- PAYE
- Withholding income taxes
- Capital Gains Tax
- Value Added Tax
- Withholding VAT
- Excise duty
- Turnover Tax
- Monthly Rental Income Tax

How can a person apply for VTDP?

- i. A person who wishes to take advantage of VTDP shall apply online on iTax in a prescribed return specific for the tax head under disclosure. When the submission is complete, the person shall receive an acknowledgement slip.
- ii. A person making an application should visit the KRA website for the step by step process.

Can a taxpayer be prosecuted after disclosure?

No. A person granted relief under VTDP shall not be prosecuted for their previous tax liabilities. However, where the applicant fails to disclose the facts of the tax liability, the Commissioner may withdraw the relief, assess additional tax or commence prosecution.

Will a person be expected to make a one-off payment?

The Commissioner shall enter into an agreement with the taxpayer setting out the terms of payment of the tax liability and the payments shall be made within one year.

Can a person file an amended VTDP return?

Amendment of the original VTDP Return maybe made once at any time within the VTDP payment arrangement period provided the amendment does not result into a refund of taxes already paid under the programme.

Is VTDP applicable to all taxpayers?

A taxpayer will not be eligible for VTDP where the taxpayer: -

- i. Is under audit or investigation for the undisclosed tax, or has been served with a notice of intention to investigate or carry out an audit/compliance check for the undisclosed tax, or
- ii. is a party to an ongoing litigation in respect to the tax liability or any matter relating to the tax liability

What other conditions are attached to VTDP?

- i. VTDP only applies to a disclosure resulting in payment of taxes. The person shall not be granted relief which may result into a refund of taxes paid on or before the VTDP window or which may lead to an increase in their tax credit or loss carried forward.
- ii. A person granted relief under the programme shall not be prosecuted on the same set of facts in respect of the fully disclosed and paid taxes.
- iii. A person granted relief in accordance with the provisions of the VTDP shall not appeal or seek any other remedy with respect to the taxes, penalties and interest remitted by the Commissioner.

What are the benefits of VDP?

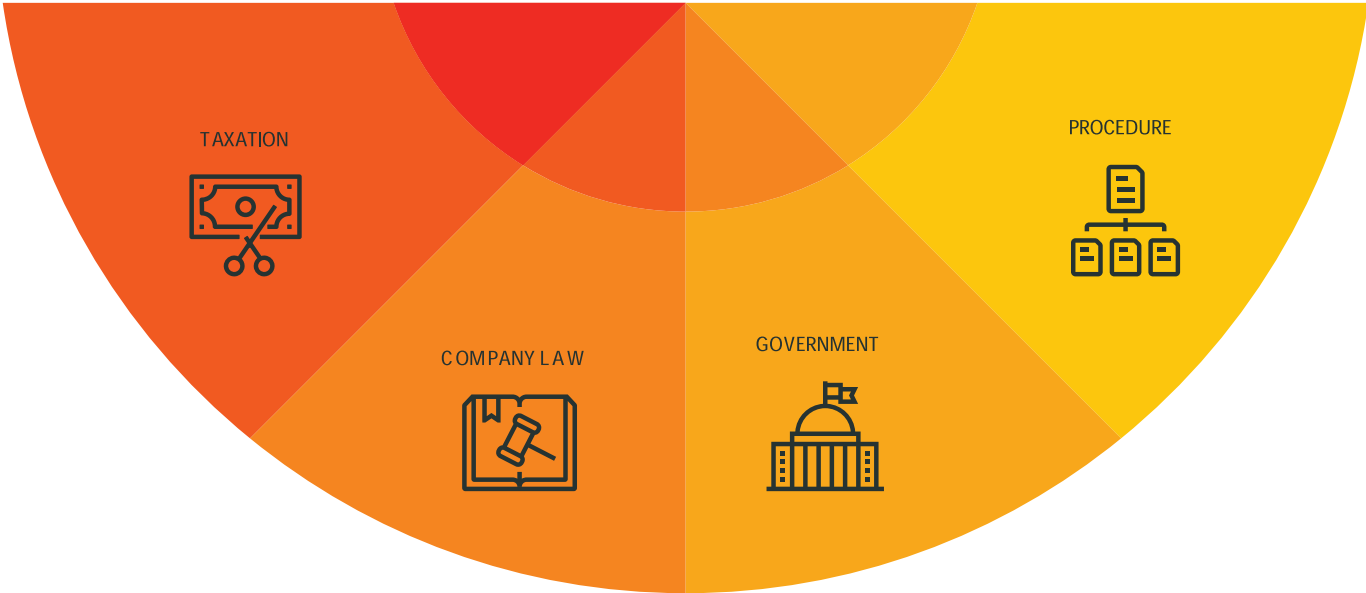
- i. It will provide an avenue for taxpayers who had previously not disclosed their income to do so without imposition of punitive penalties and interest.
- ii. It is aimed at improving revenue collection through enhanced compliance by bringing more taxpayers from the underground economy into the tax net.

Will a person be issued with a certificate?

A person shall be issued with a VTDP certificate, which shall serve as evidence that the person took advantage of the VTDP for the taxes of the periods specified in that certificate.

The Certificate issued shall only cover the taxes disclosed and the corresponding tax periods.





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Tulipe Ushuru, Tujitegemee!