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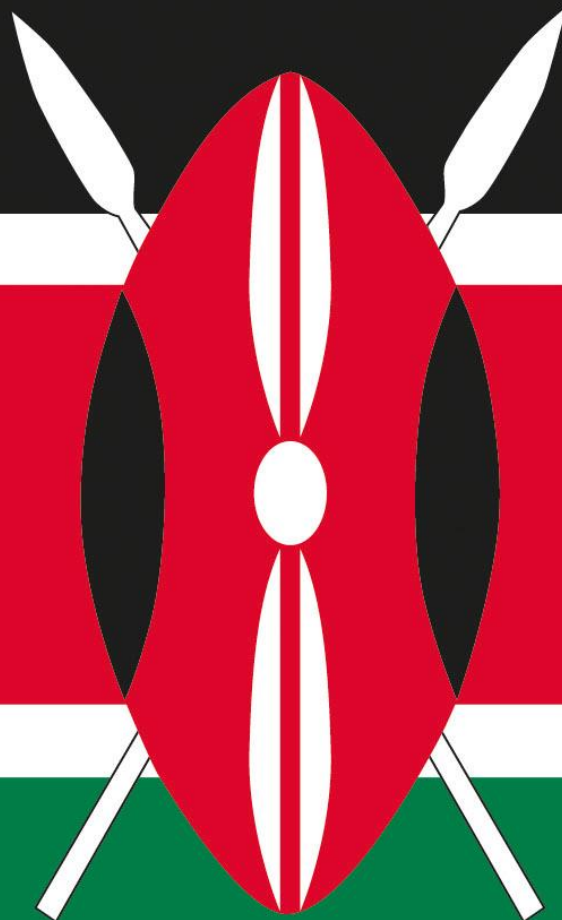
NEWSFLASH KENYA

VAT AUTO ASSESSMENTS
(VAA'S)

Issue:
February
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Latest news on law, tax and business in Kenya

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Read in this issue:

- History of VAA
- Legal implication of VAA notices

→ History of VAA

VAT Auto Assessment (VAA) is a system based tax compliance solution introduced by the Kenya Revenue Authority (KRA) in the year 2019. It seeks to detect inconsistencies between purchases and sales invoices declared in VAT returns. The inconsistencies are communicated to both the sellers and the buyers and auto assessments are raised on any outstanding inconsistencies.

VAA seeks to streamline claiming of unsupported and fictitious inputs by tax payers to actualise compliance in line with KRA's trans-

formation agenda. It is a data cleaning process that seeks to ensure proper return filing, hence improved levels of compliance, reduced levels of input tax mismatches, expansion of the tax base and eventually increased VAT revenues.

Despite various efforts to frustrate its implementation by stakeholder organizations, the KRA has remained firm and continues to hold taxpayers to account for any inconsistencies tracked by the system.

→ Legal implication of VAA notices

A VAA assessment is a tax decision by the Commissioner under the Tax Procedures Act 2015. This means that it can be challenged through the set dispute resolution process like any other assessment.

The current process of challenging a tax decision may involve:

- Lodging a notice of objection to the assessment in writing with the Commissioner within 30 days of being notified of the assessment;

- Lodging a notice of appeal and appeal documents to the Tax Appeals Tribunal;

- Lodging an appeal at the High court, and even the Court of appeal; or

- Opting for an arbitration process under the internal process set by KRA branded as Alternative Dispute Resolution (ADR)

CONTACT FOR FURTHER INFORMATION



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This is a general guideline tax and legal alert and should not be a substitute for proper advice. For queries and clarification, kindly get in touch with Rödl & Partner.

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