



# Voluntary Tax Disclosure Programme



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## What is VDP?

VDP is a programme introduced by the government to allow tax payers to disclose tax liabilities accrued within a period of five years prior to 1<sup>st</sup> July 2020 in confidence. In return taxpayers will be granted relief for penalties and interest.

## When does it take effect?

The programme shall be available to taxpayers for a period of 3 years with effect from the 1st January, 2021.

## Who qualifies for VDP?

VDP shall **not** apply to all taxpayers who are;

- under audit or investigation;
- a party to ongoing litigation in respect of the tax liability or any matter relating to the tax liability; or
- notified of a pending audit or investigation by the Commissioner

## What benefits does VDP offer?

A taxpayer who is granted relief upon successful application shall not be prosecuted with respect to the tax liability disclose and shall be grated relief as follows:

**100%  
remission**

where the disclosure is made and tax liability paid in the **first year** of the programme, (2021).

**50%  
remission**

where the disclosure is made and tax liability paid in the **second year** of the programme, (2022).

**25%  
remission**

where the disclosure is made and tax liability paid in the **third and final year** of the programme, (2023).



# Time to Act Now!!

The window given to taxpayers to regularize their tax affairs is narrowing down and taxpayers need to act swiftly.

## Limitations of the programme

- The taxpayer shall not be granted a refund as a result of the relief granted under the voluntary tax disclosure programme;
- The tax payer shall be required to settle penalties and interest in full, where the tax liability is not settled in a period of one year.
- A person granted relief shall not seek any other remedy including the right to appeal with respect to the taxes, penalties and interest remitted by the Commissioner.

## How can Grant Thornton Assist?

- Conduct a tax health check review of all tax heads to determine potential liabilities for the last five years prior to the period 1st July, 2020;
- Assistance in Applying and disclosing all material facts to the Commissioner and ensure that you qualify for the programme;
- Follow up with the KRA for the application to be processed; and
- Assist you in drafting agreements requesting the Commissioner for a payment plan to settle principal tax.



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## Get in Touch

Please get in touch with us to find out more about how this affects you.



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