

Tax Alert

Tax Invoice Management System (“TIMS”) - Countdown to Go Live Date!

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The roll out of Electronic Tax Invoices pursuant to the Value Added Tax (Electronic Tax Invoice) Regulations, 2020 (“the Regulations”) commenced on **1 August 2021**. You can learn more about the roll out from our previous [alert](#) of October 2021.

In a Public Notice issued on 13 July 2021, the Kenya Revenue Authority (“KRA”) indicated that all VAT registered taxpayers are expected to comply with the requirements of the Regulations within 12 months from the commencement date, i.e. by **31 July 2022**.

Where a VAT registered person is unable to comply within the set timelines, the person can apply to the Commissioner for Domestic Taxes for an extension of time to comply, which shall not exceed six months.

The application for extension should be made at least thirty (30) days before expiry of the specified period of 12 months, i.e. before **30 June 2022** but approval of this extension will be at the discretion of the Commissioner.

As such, it is important that all VAT registered taxpayers start considering the implications of Regulations at the earliest opportunity to ensure that they are compliant by **31 July 2022**.

To ensure successful implementation of the Regulations, the KRA has recently adopted the use of the Tax Invoice Management System (“TIMS”) as an enhancement of

the current Electronic Tax Register (“ETR”) regime which has been in force since 2005. It is through TIMS that the VAT registered taxpayers will now be able to authenticate invoices and transmit information via the tax registers to KRA systems on real time or near real time basis.

In a [Public Notice](#) issued by the KRA in November 2021, ETR suppliers were informed to cease supply of ETRs that are not compliant with the Regulations effective from 15th January 2022.





To comply with the Regulations, a VAT registered taxpayer should acquire a compliant tax register from an approved ETR supplier

To comply with the Regulations, a VAT registered taxpayer should acquire a compliant tax register from an approved ETR supplier. Please [click here](#) for a list of KRA approved manufacturers and suppliers of complaint tax registers as published on 14 December 2021 on the KRA's website.

The approved manufacturers and suppliers have various ETR models that have been categorized into four types:

Type A for manual invoicing applicable for small businesses without an accounting software;

Type B for retail outlets like supermarkets or restaurants with Point of Sale ("PoS") terminals;

Type C for businesses with an automated invoicing system (ERP software) and are currently using an Electronic Signature Device ("ESD"); and

Type D which is suitable for any type of business entity has the ability to connect to any of the invoicing systems (i.e., ETR, PoS or ERP). From our experience the set up time for the devices varies depending on the business complexity.

Accordingly, we recommend that all VAT registered taxpayers consider onboarding on TIMS as early as possible. Early adoption of TIMS will provide for ample time to deal with any set up challenges.

Early implementation will also allow for post implementation reviews to ensure that all pertinent data has been captured and the devices are able to transmit information to KRA before the mandatory due date for compliance.

Kindly reach out to any of our experts listed herein or your usual PwC contact for further information and support with your TIMS obligations.