

# KRA sets up special unit for digital tax tracking

**Bonface Otieno**

botieno@ke.nationmedia.com

The taxman has set up a special unit to track digital revenues in part of its measures to boost collection in a depressed economy.

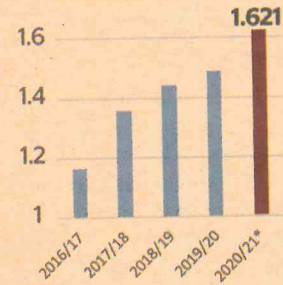
The new unit, Kenya Revenue Authority (KRA) said, would also facilitate taxpayers in the sector in determining and accounting for taxes.

“To ensure that the digital market sector pays their fair share of taxes, KRA has set up a dedicated unit to facilitate the taxpayers in this sector in the determination and accounting for taxes,” deputy commissioner in charge of policy and domestic taxes Caxton Masudi told the Business Daily last week.

“We intend to use transaction

## Tax collections and target (Sh trn)

THE TAXMAN IS FACING AN UPHILL TASK OF RAISING SH16.6TRN IN THE COMING FINANCIAL YEAR



\*TARGET

SOURCE: TREASURY

tracers through data-driven detection in taxing multinationals as we roll out taxes on digital businesses.”

The digital tax targets revenues generated by technology

firms that use the Internet to market and sell products.

Treasury Cabinet Secretary Ukur Yatani has imposed a levy of 1.5 percent on the value of digital transactions. He has, however, acknowledged that some of

the transactions increasingly being carried out on digital platforms are difficult to effectively tax but the new levy would provide the framework for this. Kenya is targeting companies operating in the country with no physical presence but create value and income within its jurisdiction.

Besides income generated by firms in the digital market-

place, Mr Yatani is also looking at taxing people who buy goods and services online after he published draft Value Added Tax (Digital Marketplace Supply) Regulations 2020.

According to the draft, the taxable digital content includes downloadable products including mobile applications, e-books and movies as well as subscription-based media including journals, news, magazines, streaming of TV shows, and music, podcasts and on-line gaming.

The taxman said some of the criteria that would make the services taxable include if they are paid for through a Kenyan bank, credit card or SIM card and delivered to an IP address in the country.