

# Value Added Tax Auto Assessment (VAA)

## WHAT IS VAT AUTO ASSESSMENT?

VAA Auto Assessment tool is expected to curb claims of fictitious and/or unsupported input tax by VAT registered persons and thereby enhance compliance.

### VAA is expected to;

- i. Detect any inconsistencies between the VAT claimed from purchases invoices (claimed by a buyer) and VAT Sales invoices declared by the seller.
- ii. An email detailing Inconsistencies is then sent to the buyer and the seller simultaneously.
- iii. Inconsistencies are re-solved through filing an amended return(s) either by the seller or the buyer.
- iv. If inconsistencies are not sorted out in time, the ITAX raises and auto assessment on the buyer on any outstanding inconsistencies.

The aim of VAA is to;

- i. Boost the level of compliance
- ii. Reduce input mis-matches
- iii. Expand the tax base and boost revenues.

### VAA Inconsistencies Timelines

- i. The taxpayer has 15 days to amend the affected return from date when inconsistencies were detected.
- ii. Systems runs another check after 15 days and if the identified inconsistencies are still outstanding, a reminder notice is sent to both buyer and seller.
- iii. The system issues an auto assessment on the buyer if the inconsistency is still outstanding after further 15 days.
- iv. Debt officers raises a task if the debt created remains unpaid after 30 days.  
NB: The taxpayer has an option of raising an objection if he disputes the assessment.

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## **New System set up**

- i. A re-configurable threshold will be pre-set in the system
- ii. Tax payer can now make multiple VAT 3 amended Returns only on the affected returns.
- iii. Taxpayer will not be allowed to amend matched invoices
- iv. The 6 months rule is always embedded in the auto assessment i.e. you will not be able to claim any purchase invoice more than 6 months old.

## **Legal Challenges**

The buyer will not be able to resolve genuine tax invoices inconsistencies if the seller has not declared the specific sales invoices on ITAX. This will affect over the counter purchases i.e. from hardware shops and supermarkets where they declare their sales vat in the category of 'clients not registered for VAT'