

GUIDELINES ON SUBMISSION OF VAT EXEMPTIONS TO HCSU

Dear Colleagues,

Please be reminded that the VAT exemption procedures for entitled organizations/persons are governed by the Value Added Tax Act, 2013 along with its relevant subsidiary legislation. This law came into force on 1st September 2013. Please take note that VAT exemptions may be obtained in the following ways:

- A. **PRIOR TO** the actual purchase/receipt of goods or services, using proforma invoices, however, do please note that proforma invoices dated later than thirty (30) days from the date of actual delivery/receipt of goods or services will NOT be accepted by the Kenya Revenue Authority for processing. It is therefore important that Procurement Departments ensure that they obtain proforma invoices from their vendors as soon as a Contract or Purchase Order is issued, and to forward the same to HCSU for processing immediately.

The proforma invoice should include following details and/or attachments:

- a. Proforma Invoice number and date of invoice;
- b. Clear description of goods/services;
- c. The VAT amount in Kenya shillings (at rate of 16%);
- d. Names and addresses of both the supplier and purchaser;
- e. VAT registration number of the supplier or PIN number where VAT number is not indicated;
- f. Certified copies of vehicles log books for purchases relating to vehicles;
- g. Certified copies of contracts or purchase orders **with valid dates that correspond to the proforma invoice validity** should be attached for applications relating to contracts and purchase orders;
- h. Certified copies of valid Diplomatic Identity Cards or Notification of Arrival for applications made by individual staff members.

- B. **AFTER** the receipt of goods or services, using tax invoices/cash sale receipts. In this **case it is important to note that such claims must be redeemed within six months from the date of issue of the tax invoice.**

Submit the VAT claim as soon as possible after:

- a. receipt of final tax invoice with a clearly legible ESD number from the supplier;
- b. receipt of cash sale receipt with clearly legible ETR number;
- c. The details relating to the proforma invoice in (A) above must accompany your application (remove the word proforma);
- d. For services relating to Conference and Hotel accommodation, a list of meeting participants will also be required if the services have been paid for.

VAT CLAIM PROCESSING TIMELINES

The VAT claim process requires approval by both the Ministry of Foreign Affairs (MFA) and the Kenya Revenue Authority (KRA), each of which takes 30 business days, for a total of 60 business days on average, for the entire process. Where documents are incomplete or queried by either MFA or KRA, the process could take considerably longer.

VAT claims that reach us with 60 days or less to the date of expiry of the tax invoice WILL NOT be accepted for processing.

Please remember to present the approved VAT exemption form to your supplier in good time to allow them to lodge their claim to KRA within the six-month window.

NB: This notice does not apply to the Annual Blanket Exemptions for utility, security, telephone, mobile and internet services which are processed differently vide notice from HCSU twice every year.