



e-TIMS Integration

White Paper

Regulation and Compliance 2024

This white paper is intended to provide insights, guidance, and recommendations for policymakers, tax authorities, and stakeholders involved in digital transformation initiatives in tax administration. It draws upon existing research, best practices, and case studies to inform discussions and decision-making processes related to the integration of taxpayer services within a digital framework.

www.iconsoft.co



About Us

We aim to create a social impact in the continent through leveraging technology and expertise to drive positive social impact initiatives within the communities, such as promoting financial inclusion, supporting sustainable development goals, and empowering under-served populations through access to digital products and services.

Who we are?

At ICON, we thrive ourselves as being one of the first Trans African companies that provides businesses localized digital solutions to their ever changing problems. We understand the needs and requirements and are well up to the task to solve them.

We believe a shift needs to happen from traditional insurance business model to a customer focused modern service delivery using digital solutions

What we do?

We provide companies digital solutions e.g. integrations, ERP solutions, cloud computing, custom software development and among other services across the African landscape.



Our Vision

Our purpose is to empower people and businesses to achieve their full potential through the power of technology.

We believe that technology can be a force for good, and we are committed to using our expertise to create innovative solutions that make a positive impact in the world.



Our Mission

To provide our clients with innovative and reliable technology solutions that help them achieve their goals faster and more efficiently.

We are committed to developing cutting edge products and services that are user friendly, cost effective, and tailored to our clients specific needs. We strive to be a trusted partner to our clients, providing expert guidance, exceptional service, and unparalleled value.

Our Values

Innovation

We prioritize continuous innovation in our digital solutions, leveraging cutting-edge technologies to address the unique challenges faced by insurance firms in Africa.

Teamwork

We believe in the power of collaboration and teamwork to achieve shared goals and drive collective success. We actively engage with our clients, partners, and employees to foster open communication, mutual respect, and constructive collaboration, leveraging diverse perspectives and expertise to solve complex challenges and deliver superior outcomes.

Integrity

We uphold the highest standards of integrity, transparency, and ethical conduct in all aspects of our business operations. We are committed to building trust-based relationships with our clients, partners, and stakeholders.

Our Objectives

- Develop and deploy tailored digital solutions that streamline insurance processes.
- Expand market reach and deepen penetration into under-served regions.
- Foster a culture of continuous learning and professional development among our team members.
- Establish strategic alliances with leading technology providers, regulatory bodies, and industry associations.

By working together in a spirit of cooperation and partnership, we create synergies, promote knowledge sharing, and maximize the impact of our digital solutions in transforming the insurance industry and driving sustainable growth and prosperity across Africa.

Brief & Methodology

KRA (Kenya Revenue Authority) has set a deadline of 1st January 2024 for all businesses to electronically generate and transmit their invoices to the tax man via eTIMS from 1st January 2024 according to the Finance Act 2023.

According to KRA, all taxpayers doing business are required to on-board eTIMS. This provision includes taxpayers not registered for VAT but are registered for turnover tax, monthly rental income, partnerships, corporation tax, and individual income tax (including non-residents with a permanent establishment in Kenya.

eTIMS is a software solution that provides technological convenience to meet taxpayers' compliance needs. eTIMS will be accessed through various electronic devices including computers and mobile phone Apps, making it more convenient, user-friendly, and flexible for businesses to use.

Method 1- Requirements assessment

We conducted a comprehensive needs assessment to identify the requirements, priorities, and pain points of our client with regards to the finance bill. Then, we gathered input from a diverse range of stakeholders & clients through surveys, interviews and discussions to understand their perspectives, preferences, and

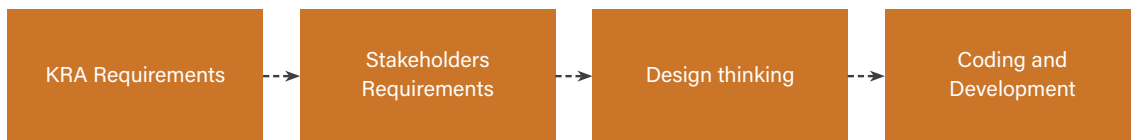
expectations. As our project team analyzed existing tax systems, processes, and infrastructure to assess gaps, inefficiencies, and opportunities for improvement while utilizing data analytics, client mapping, and gap analysis techniques to prioritize integration initiatives and allocate resources effectively.

Stakeholder Stratagem

74%

We engaged stakeholders and clients, including taxpayers, tax professionals, government agencies, and some technology providers, throughout the

integration process. We established stakeholder advisory groups and a steering committee to provide input, feedback, and guidance on integration strategies, priorities, and implementation plans. We facilitated regular communication,



collaboration, and consultation sessions to ensure alignment with stakeholder needs, expectations, and interests. While leveraging participatory approaches, such as co-design workshops, user testing sessions, and feedback mechanisms, to

involve stakeholders in the design, development, and evaluation of integrated taxpayer services

Method 2- A design Approach Based on the client

We implemented an agile development methodology to iteratively design, develop, and deploy integrated taxpayer services in or sprints managed through our support manager Miss. Floridah.

As we formed cross-functional teams comprising designers, developers, testers, and experts to collaborate closely and deliver value-added solutions quickly, we again prioritized integration initiatives based on business value, feasibility, and user impact, focusing on delivering high-

47% priority features and functionalities in each sprint. Lastly, we conducted regular sprint reviews, retrospectives, and stand-up meetings to assess progress, identify challenges, and adjust priorities and plans as needed.

Seamless Data Integration

- We developed a data integration strategy to facilitate seamless exchange of information between different tax systems, government databases, and our application
- We standardized data formats, protocols, and APIs to ensure interoperability and compatibility between disparate systems

Problem

Digital tax administration plays a crucial role in generating revenue for governments to fund public services and infrastructure development. However, traditional tax systems often suffer from inefficiencies, complexities, and compliance challenges, leading to revenue leakage and administrative burdens for both taxpayers and tax authorities

1.0 Problem to Solve

Protecting taxpayer data from unauthorized access, cyber threats, and breaches is paramount.

We worked in collaboration with KRA and they implemented robust security measures, encryption protocols, and data privacy safeguards to ensure the

confidentiality and integrity of taxpayer information in compliance with legal and regulatory requirements, such as data protection laws, tax regulations, and privacy regulations.

1.1 Problem to Solve

Change Management:

Transitioning from traditional tax systems to digital platforms requires change management efforts to gain buy-in from stakeholders, train staff, and manage resistance to change. We had to make sure everyone was well informed on the changes we were making % openly communicating the benefits

of integration to the reserved working groups, addressing concerns, and actively engage with taxpayers and staff throughout the process.

To note: Building and maintaining a scalable, secure, and inter operable digital platform requires significant investments in technology infrastructure, software development, and capacity building. Tax authorities must assess their existing IT systems, identify gaps, and develop a road map for digital transformation.

Solution

KRA (Kenya Revenue Authority) has set a deadline of 1st January 2024 for all businesses to electronically generate and transmit their invoices to the tax man via eTIMS from 1st January 2024 according to the Finance Act 2023.

The KRA officer schedules a date and time to install, configure, and train the taxpayer on how to use the eTIMS software for purposes of invoicing. The on boarding of taxpayers on eTIMS is being facilitated by KRA and not the ETR Suppliers

2.0 Solution 1 : Integration across the board

eTIMS is a software solution that provides technological convenience to meet taxpayers' compliance needs. eTIMS will be accessed through various electronic devices including computers and mobile phone Apps, making it more convenient, user-friendly, and flexible for businesses to use.

2.1 Solution 2 : Cost reduction

The objective of eTIMS is to reduce the cost of compliance for VAT-registered businesses. Through integration with eTIMS businesses will benefit from real time invoice transmission providing accuracy in tax invoice declarations and reconciliation between filed returns and payments.

2.2 Solution 3 : On boarding Services

According to KRA, all taxpayers doing business are required to on-board eTIMS. This provision includes taxpayers not registered for VAT but are registered for turnover tax, monthly rental income, partnerships, corporation tax, and individual income tax (including non-residents with a permanent establishment in Kenya).

Project Road map



By following best practices, addressing challenges, and learning from successful experiences, tax authorities can realize the full potential of integrated taxpayer services and drive sustainable growth and development.



4th Phase

August - October

Integration and Development strategy

We came up with a data integration strategy to facilitate seamless exchange of information between different tax systems, government databases, and third-party applications.

Standardized data formats, protocols, and APIs to ensure interoperability and compatibility.

Developed and deploy high-priority features and functionalities in incremental cycles or sprints.

We conducted user testing, feedback sessions, and usability testing to gather input and iterate on solutions.

5th Phase

November- December

Change Management, monitoring and Evaluation

We developed a change management plan to manage organizational, cultural, and behavioral changes associated with integration initiatives.

We addressed resistance to change proactively by soliciting feedback and involving stakeholders in decision-making processes.

Implement a monitoring and evaluation framework to track progress, identify bottlenecks, and assess outcomes

6th Phase

January- February 2024

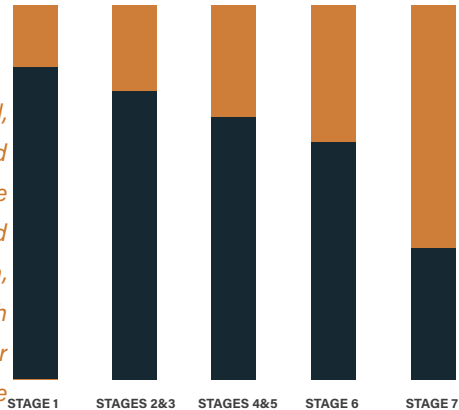
Continuous Improvement and Optimization

We constantly conduct regular performance reviews and audits to gather feedback, assess service quality, and identify areas for improvement.

We have fostered a culture of continuous improvement by soliciting feedback, fostering collaboration, and promoting a mindset of experimentation and learning



We effectively planned, implemented, and managed integration initiatives to enhance efficiency, transparency, and compliance in tax administration, ultimately ensuring compliance with our clients and fostering greater trust and confidence



Financial Highlight

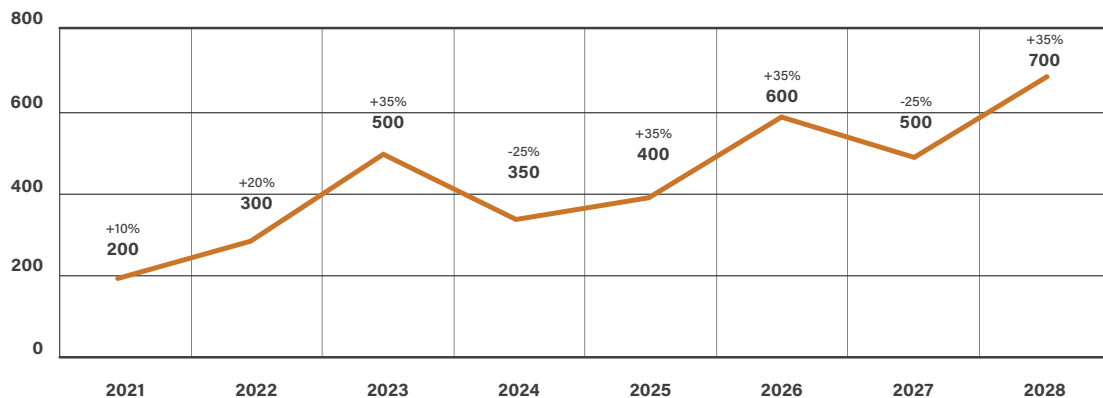
The Kenya Revenue Authority (KRA) is banking on the roll out of the electronic Tax Invoice Management System(eTIMS) to collect an additional Sh400billion in Value Added Tax(VAT) as it drives more taxpayers to be compliant.

On board e-TIMS	Active Taxpayers	Tax-to-GDP ratio	VAT collections June 2022
67,954	113, 239	15.3%	523.10 b

The new system, currently in its pilot phase, is expected to facilitate compliance as taxpayers will be able to transmit electronic invoices at their own comfort through devices such as mobile phones, tablets, and laptops; they can also use invoicing systems or an Online portal.

Through integration with eTIMS, businesses will benefit from real-time

invoice transmission providing accuracy in tax invoice declarations and reconciliation between filed returns and payments. By upgrading to eTIMS, the KRA has started a journey towards simplified VAT return filing. This is likely to increase the number of people filing returns as the invoices are sent in real time or near real time. Apart from real-time validation of invoices, it is likely that there will be improved accuracy due to automated VAT data management.

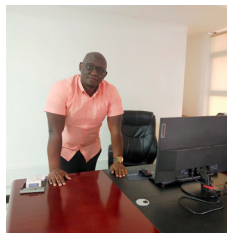


The Team

By working together in a spirit of cooperation and partnership, we create synergies, promote knowledge sharing, and maximize the impact of our digital solutions in transforming the tech-industry and driving sustainable growth and prosperity across Africa.

Eric Kweyu

C.E.O



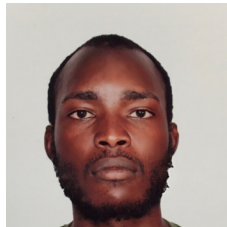
Cornelius Kipkorir

Developer



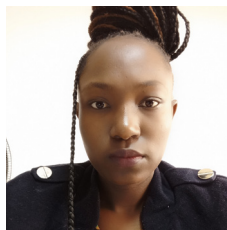
Nicholas Kipkoech

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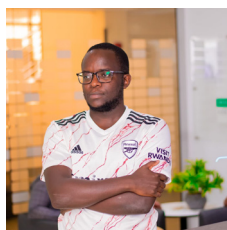
Floridah Wanja

Support



Larry Odago

Design



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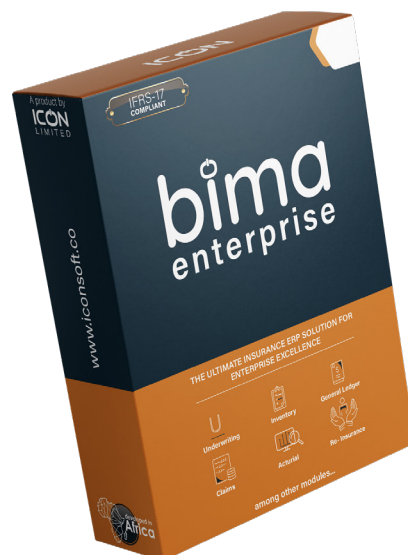
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