



eTIMS is KRA's electronic tax invoice management platform that allows taxpayers to generate, transmit and store tax invoices in real time. All data generated is transmitted to KRA, giving the Authority visibility over sales and over deductible expenditure.

Compliance with eTIMS is a requirement for any business, whether or not they are VAT registered. The law requires that for any person (Taxpayer) to claim their business expense, the expense must be supported by an electronic tax invoice.

Why Etims?

- eTIMS allows taxpayers to maintain record of invoices issued on the taxpayer portal which simplifies return filing for taxpayers.
- eTIMS facilitates compliance by ensuring that a purchaser cannot claim the purchase expenses unless they obtain an eTIMS compliant invoice.

Exemptions under Section 23A TPA.

Under Section 23A of the Tax Procedures Act (TPA), certain transactions are exempted from the requirements of the Electronic Tax Invoice Management System (eTIMS). Key exemptions include:

- Emoluments: Salaries and wages subject to Pay As You Earn (PAYE).
- Imports: Goods imported under applicable customs laws.
- Investment Allowances: Internal accounting entries and related adjustments.
- Airline Passenger Ticketing: Charges for airline travel ticketing.
- Interest and Financial Charges: Interest income and fees charged by financial institutions.
- Withholding Tax Payments: Expenses subject to withholding tax.
- Other exemptions: The Commissioner may, by notice in Gazette.

Recent KRA Public Notice 2025 Returns

The Kenya Revenue on 10th November 2025 issued a public notice to inform taxpayers, stakeholders and the public that, effective 1st January 2026, it will begin validating income and expenses declared in both individual and non-individual income tax returns against the following data sources;

- TIMS/eTIMS invoices.
- Withholding Income Tax gross amounts.
- Import records from customs systems.

This validation will take place upon submission of the 2025 year of income/accounting period return via the iTax platform.

All declared income and expenses must be supported by a valid electronic tax invoice, correctly transmitted with the buyer's PIN, where applicable, subject to the exemptions under Section 23A TPA, Cap 469B and the Tax Procedures (Electronic Tax Invoice) Regulations, 2024.

Implications to Taxpayers.

The Kenya Revenue Authority (KRA) is strengthening its enforcement framework to streamline revenue collection and curb tax avoidance by sealing loopholes that enable tax evasion. In light of the obligations imposed under Section 23A of the Tax Procedures Act (TPA), Cap 469B and the Tax Procedures (Electronic Tax Invoice) Regulations, 2024, taxpayers are required to ensure full compliance with the electronic tax invoicing regime.

As part of its enhanced compliance and enforcement strategy, KRA will:

Cross-Check Declared Income

KRA will compare income declared in VAT and income tax returns against data captured under TIMS/eTIMS systems and withholding tax reports.

This means that all sales recorded through eTIMS must reconcile with declared turnover. Any understatement of income will be easily identifiable through system-generated reports.

Discrepancies may trigger compliance checks, tax audits or assessments.

Cross-Check Declared Expenses.

Declared expenses will be verified against:

- TIMS/eTIMS-generated purchase invoices;
- Import records and customs documentation; and
- Corresponding supplier declarations.

Only expenses supported by valid electronic tax invoices will qualify for deduction or input VAT claims. Unsupported or mismatched claims may be disallowed.

Flag Discrepancies for Query, Adjustment, or Audit

Where inconsistencies arise between:

- Sales and declared income;
- Purchases and claimed expenses; or
- Withholding tax credits and declared figures,

KRA's data analytics systems will flag such discrepancies. This may result in:

- Formal queries requiring explanation;
- Amendments to tax assessments;
- Tax audits and/or
- Imposition of penalties and interest where applicable.

How eTIMS Works in Practice;

To appreciate the practical application of eTIMS, let's consider a routine transaction between a seller/service provider and a purchaser;

When a customer makes a purchase, the transaction is processed through an eTIMS-compliant system, an electronic tax invoice is generated.

The sale details are automatically transmitted to KRA. If the purchaser intends to claim the expense for tax purposes, they must provide their KRA PIN for inclusion on the invoice.

It is important to clarify that:

- Issuance of an eTIMS-compliant invoice is mandatory for every sale.
- Provision of a KRA PIN is necessary only where the purchaser intends to claim the expense.

Conclusion.

The adoption of eTIMS is a pivotal development in Kenya's tax compliance landscape. All businesses must align their operations with the statutory requirements under Section 23A of the Tax Procedures Act and the Electronic Tax Invoice Regulations, 2024.

Beyond legal compliance, the system reinforces a fundamental principle of civic responsibility. Tax compliance is both a legal duty and a reflection of responsible citizenship. In the era of TIMS/eTIMS, transparency is no longer optional, it is the standard.



**By: Mercy Gitau
Accounting Manager**