



REASONS FOR ELECTRONIC FILING MATTERS TO THE TAXPAYERS

By Odhiambo Milongo

The technology can be regarded as primary source in economic development and the various technological changes contribute significantly in the development of underdeveloped countries. One certainty in this modern age is the pervasiveness of technology and automation in revolutionising the day to day workplace. Some institutions are pioneers in processing and analysing data using minimal workforce through the adoption of technology.

Undeniably, government revenue authorities are among institutions that handle a large volume of data on a day to day basis. Recently in most developing countries, there has been a shift to the tax electronic filing systems as a part of the digital economy initiatives adopted in these jurisdictions to handle “big data”

Tanzania Revenue Authority (TRA) has now rolled an electronic filing system which allow taxpayers to submit tax returns by the click of button.

The biggest advantage that the system will bring are;

➤ **Prompt processing**

The acknowledgment of Tax Returns is quick. More importantly, tax returns are processed faster than paper-filed returns.

➤ **Convenience**

No time and place constraint in filing returns online. E-filing facility is available 24/7 and you can file anytime, anywhere at your convenience.

➤ **Confidentiality**

Better security than paper filings since your data is not accessible to anyone either by design or by chance. With paper filings details of your income can fall in the wrong hands at your chartered accountant’s office or in the Income Tax Department’s office.

➤ **Proof of receipt**

You get prompt confirmation of filing, both at time of filing and subsequently

➤ **Ease of use**

E-filing is friendly and the detailed instructions make it easy even for individuals not very conversant with the internet

➤ **Accessibility to past data easily**

You can easily access past data while filing returns. E-filing applications store data in a secure manner and allow for easy access at the time of filing subsequent returns.

➤ **Better accuracy**

“Odhiambo Milongo is an Auditor at ABS Consultants. The views expressed do not necessarily represent those of ABS Consultants”

E-filing software with built-in validations and electronic connectivity is seamless and minimizes errors considerably. Paper-filings can be prone to errors. Also, when any paper-based form is migrated to the electronic system, there is a possibility of human error in data entry.

Appointment of Declarant and Auditor

Among other things, under new system the taxpayers are expected to register at the onset and appoint the firm's declarant and an auditor who is registered with NBAA as a Certified Public Accountant in Public Practice (CPA-PP)

Returns To Be Filed Online

Prior to deploying the e-filing system, only the monthly value-added tax returns were filed electronically and withholding tax certificates were generated electronically. The new e filing system allows the following additional tax returns to be filed electronically;

- Annual corporate income tax (CIT) returns
- Provisional income tax returns
- Monthly pay-as-you-earn (PAYE) returns
- Monthly skills and development levy (SDL) returns

Due Dates

The system automatically keeps track of the number of returns and due dates of submission of the respective returns allowing the taxpayer to plan accordingly

Extension of Time

To ease the burden of compliance the system has incorporated a feature which allows the taxpayers to request for an extension time to submit a tax return in case they anticipate delays.

Late Payment Interest

Similarly to the manual system, the late-payment interest will still apply if the tax has not been paid on time.

Challenges

As with any first-time adoption of new system, there are likely to be some implementation

challenges that can be surmounted as taxpayers are phased into system,

- PAYE and SDL Returns Payments; when the returns are filed online, the system generate an assessment for PAYE and SDL. The assessments show a debit note number with corresponding principal tax due for a particular month. If the principal tax has been paid prior to filing, the liability will be generated upon filing without synchronizing with payment made for filed return. It's advised that payment for the liability should be done after filing return and generated debit note number from the assessment shall be used for payment of liability. to avoid unnecessary disturbance of clearing the return generated after payment
- Partnership Business is not liable for corporate tax. However the system indicate the liability of corporate tax for the partnership

One thing is sure: with this modernization of the filing process, we will see a general improvement in the level of compliance among taxpayers.

“Odhiambo Milongo is an Auditor at ABS Consultants. The views expressed do not necessarily represent those of ABS Consultants”