

## UPGRADED ELECTRONIC TAX SYSTEMS

TRA recently introduced an upgraded electronic tax system to enhance the user experience and integration of all systems into single e-filing system. The new introduced electronic tax system effectively came into force from February 2023.

### What's new?

- **User interface** – The new upgraded e-filing system came with various different, and even better user interface.
- **Taxpayer Registration Module**– The VAT and TIN registration and deregistration applications are now automated, i.e. Taxpayers can file and submit TIN and VAT registration forms (along with all other relevant documents) via online Taxpayer Portals, unlike how it was previously done, where all TIN and VAT registration applications were taken physically to TRA offices for further processing.
- **Upgraded VAT filing module** – the new upgraded e-filing system has made various changes in VAT filing module, in order to address various the challenges faced by the taxpayers on monthly basis. These updates are also herein discussed further in this article.
- **EFD error management** – TRA has also introduced a module in the new e-filing system that will enable the taxpayers to report all EFD errors via the Online Taxpayer Portal, instead of filing letters physically with the TRA.
- **Introduction of the withholding tax module** – Now all reports and payments for withholding taxes on monthly basis as required by the Finance Act, 2021, can also be done via the new upgraded e-filing system.
- **Tax payment portal** – The register for payment site is replaced with the Tax Payment Portal in the new e-filing system. However, the functions majorly remain the same.
- **Other integrated services** – The new e-filing portal also incorporates services related to registration of motor vehicles, electronic cargo tracking system, and driving license.
- **Tax return filing by Non-Residents** – The non-residents can now register and file the tax returns as required under the Income Tax (Registration of Non-Resident electronic service providers) Regulations, 2022 and the Value Added Tax (Registration of Non-Resident Electronic Service Providers) Regulations, 2022.

### TAXPAYER REGISTRATION (VAT & TIN)

As mentioned above, the new e-filing system now allows all TIN and VAT registration applications to be done online.

- **TIN application with NIDA** – Taxpayers can now visit the new e-filing portal, and select an option to apply TIN with NIDA option, enter their NIDA number, and mobile number (used at the time of applying for NIDA). An OTP will be sent to the registered mobile number with the new registered TIN. Thereafter, once the TIN is allocated, you can change the password using the OTP.

In case one does not have NIDA, he/she can fill and submit a form with relevant documents online for TIN registration by selecting the option. Once the TIN is allocated, an SMS will be sent to the registered mobile number with the TIN number and password.

- **TIN registration for non-residents** – For non-residents (individual or entity) can as well register for their TIN through following the below simplified steps for registration: -
  - ✓ Go to the TRA e-filing portal
  - ✓ Click 'Services' and then 'Apply for TIN'
  - ✓ Click on 'Non-resident Registration'
  - ✓ Select Entity / Individual Registration
  - ✓ Mention the email ID and phone number with country code and then click 'Proceed'
  - ✓ Once an OTP will be sent on the email ID, mention the same in the field provided and click 'Submit'
  - ✓ Fill in the required details
  - ✓ Thereafter, click the 'Declaration' part and then 'Submit'
  - ✓ A reference number of the application will be generated for tracking the status of TIN application
  - ✓ Once the TIN is allocated, an email will be sent to you with the details
  - ✓ In case of entity registrations, the application form will require you to submit the business certificate and certificate of incorporation (PDF filed not more than 10MB).
- **VAT registration** – In the new introduced e-filing system, one can also apply for VAT registration through the e-filing account by following the below listed steps: -
  - ✓ Login to your e-filing accounts
  - ✓ Go to 'My account'
  - ✓ Go to tab 'VAT' on the left task bar
  - ✓ Select 'VAT registration' and then fill the required remarks/ reason for VAT registration. In case of VAT de-registration, you will have to select 'VAT deregistration' tab
  - ✓ Once the VAT certificate is issued, you will be able to view and download form the e-filing system itself.
- ✓ VAT registration for a branch also can be done online similarly using the 'Branch' tab in the e-filing system.

## UPGRADED VAT FILING MODULE

TRA has introduced significant enhancements to the current VAT filing module where the tax payers are now able to file their returns easily through their portals.

- **Sales** – The sales of the entity/business will be prepopulated based on the sales as per EFD. One will be able to increase the value of sales but any reducing effect will be effected through the adjustments section of the VAT return. For this reason, it is imperative that any EFD errors should be immediately informed to the TRA as soon as possible for rectifications.
- **Purchases** – As against the current system, all the vatiable purchases, expenses and fixed assets would be prepopulated in the system. Hence, it is extremely important to ensure that all the vouchers contain the TIN of the buyer.
- **Imports/ wharfage** – The imports as well will be captured automatically in the VAT return based on the date on which the payment for the duties and taxes is made by the taxpayer.
- **Exempt & Non-creditable Purchases/ Adjustments** – Like the current system, these fields can be manually inputted in the VAT return.
- **GEPP payment** – Unlike the other sections in the VAT return, this section will have to be filled by the taxpayers.
- **Taxable imported services** – The exported name, originating country and amount of the imported services will require to be mentioned.
- **Status of the payment** – The taxpayer can change the status of each VAT input on whether the same was attributable to taxable supplies or exempt supplies or both.
- **Removal of excel uploading** – The new module will no longer require to upload the VAT returns in excel worksheet.
- **Increasing / Decreasing adjustments** – In case of any adjustments to be done to the sales/ purchases, they will need to be mentioned in either 'Increasing adjustments' / 'Decreasing adjustments'. Additionally, a disclosure will have to be made in the 'Disclosure of adjustments' with detailed explanation for each adjustment done to the VAT liability.

Once the required fields of the VAT return are filled, a summary of the entire VAT return including the VAT computation of VAT liability will be displayed for review

before submission, the Taxpayers have the discretion to amend and error before submission of the same.

## TAX PAYMENT PORTAL

While the functions of this tax payment portal remain identical to the ones offered by the current portal i.e. 'register for payment', there are few enhancements.

- The bank details of taxpayers will have to be updated the first time such portal is used – this will enable automatic population of the bank details of the taxpayer while generating a control number.
- Other details like TIN, email ID and mobile number of the taxpayer will be automatically captured while generating a control number.
- A taxpayer will now be able to view the control forms that are paid, unpaid and cancelled in the tax payment portal.
- The control forms can be paid via mobile or via authorized banks.
- The control forms generated would present a table giving clear break-up of the debit numbers, type of tax, GFS code and amount for each items of payment added.
- The debit numbers need not be manually typed while generating the control form. Instead, there would be a list of assessed taxes which can be selected as per the taxpayer's choice.

## EFD ERROR MANAGEMENT

TRA has introduced an EFD error management module named "Electronic Fiscal Devices (EFD/VFD) Service" allowing the taxpayers to report all the EFD/VFD errors via their Taxpayers Online Portal.

This will save the hassle of preparing a letter and visiting the TRA office physically to submit he same. The process has been simplified immensely wherein you will have to follow the below listed steps: -

- ✓ Log into the e-filing account
- ✓ Go to "Electronic Fiscal Devices (EFD/VFD) Service" module
- ✓ Select the session
- ✓ Click on 'Error Management' in the task bar on the left
- ✓ Select 'New Request'
- ✓ Mention the EFD verification codes (i.e. QR codes of the incorrect and rectified EFD receipts) and click on 'Search'.
- ✓ You have to ensure to mention the correct QR codes otherwise the system will not be able to record the same.
- ✓ State the reason for cancellation of the incorrect receipt.

## TIN AMENDMENT

One can now amend the details of their TIN by following the below listed steps: -

- ✓ Log into the e-filing account

- ✓ Go to My account
- ✓ Select TIN amendment
- ✓ Select the TIN to edit
- ✓ Click on Action and then Edit the required fields

## **RETURN OF INCOME, RETURN OF ESTIMATED INCOME, PAYE & SDL RETURNS**

The modules for above mentioned returns remain the same. However, the most radical change is that there will be no uploading of excel worksheets required while filing the above mentioned returns. Instead, the data has to be filled in the e-filing system directly.

In order to be able to add/ delete the employees from the paye returns, you can click on 'Manage Tax Returns' and select 'Employee Management'. Please note that only the employees with valid TIN can be added into the new PAYE module.

## **GENERAL KEY TAKEWAYS OF THE NEW ELECTRONIC FILING SYSTEM**

- ✓ VAT registration and deregistration process can be done electronically.
- ✓ TIN application, amendment and cancellation process can now be done electronically.
- ✓ Personal and entity related access rights can be viewed
- ✓ Driving license can be viewed and applied electronically
- ✓ Motor vehicle owned by all the entities associated with the individual's TIN can be viewed.
- ✓ All entities with which an individual's TIN is associated to can be viewed and selected for submission or viewing of returns.
- ✓ Nonresident returns can be filed electronically
- ✓ EFD and VFD errors can be reported electronically and are subject to approval before being adjusted against the sales.
- ✓ Tax payment portal has been integrated with the e-filing system.
- ✓ Withholding Tax module is now integrated into the new e-filing system.
- ✓ Electronic cargo tracking system for cargo associated with the respective TIN holder can now be tracked using its e-filing account.
- ✓ Purchases and sales will now be captured automatically by the new system except for any purchases or expenses made from GEPG and any increasing or decreasing adjustments.
- ✓ All employees should have a TIN number in order for them to be reported in the PAYE monthly return.
- ✓ Any employees who is employed by more than one employer then the system will automatically capture the first submission as primary employment and the subsequent submissions as secondary employment.

*Source manual:*

*Following manuals attached in our website:*

- ✓ *Taxpayer portal – User Manual Version 1.0*
- ✓ *User Manual Version 2.0 dated 09/02/2023 (Non-Residents)*
- ✓ *User Manual Version 1.0 dated 09/02/2023 (Non-Residents)*

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