

TaxJournal

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Online tax accounts



Currently taxpayers can not directly access their tax account which are maintained by the TRA.

TRA are enhancing the electronic tax system to ease tax administration processes for tax payers. This can be noted by the introduction of online certification of withholding taxes.

We expect that in the near future tax payers will be able to access tax accounts online and on real-time basis which would be a welcomed step.

STATEMENT OF TAX ACCOUNTS

Tanzania Revenue Authority (TRA) maintains a tax account for all tax payers. The tax account is for the purpose of recording transactions and is not different from any other account.

The tax account capture taxes assessed, paid, payable and refundable between TRA and taxpayers.

TRA maintain and generate a statement of tax account to review a taxpayer's tax status.

This article intends to spread awareness in the following areas:

- Contents of statement of tax account;
- Debits & Credits on account;
- Correct registration of tax payments;
- Challenge associated to tax accounts; and
- Actions to reconcile

CONTENTS OF STATEMENT OF TAX ACCOUNT

A tax account would contain various information, including the following particulars:

- Registered name and address of taxpayer;
- Taxpayers Identification Number (TIN)
- Type of tax* (i.e. can be all taxes or specific taxes);
- Date of issue and time;
- Debit entries (i.e. indicating tax payable/ assessed amounts);
- Credit entries (i.e. indicating tax paid by taxpayer); and
- Summary and closing Balance

*To mention a few can be corporate income tax, Provisional tax, VAT, Withholding Tax (on Rental, Goods or Services), Skills and Development Levy (SDL) and Pay As You Earn (PAYE).

Taxes remitted at the time of importation of goods are not recorded in the tax account maintained by the Commissioner for Domestic Taxes/ Large Tax Payers.

Maintaining control accounts



Accountants should maintain a control account for each respective tax type to have an orderly and accurate record of taxes remitted and outstanding.

Control accounts can come in handy to trace tax payments and taxes outstanding. It as well eases the process of reconciliations or filling in semiannual tax returns.

"Before issuing a Tax Clearance Certificate, a tax officer may review your tax account to confirm whether all taxes due have been remitted."



passion | teamwork | clarity | quality | integrity

DEBITS & CREDITS ON ACCOUNT

Debit or credit entries in the statement of tax account may be as a result of:

Debit Entries	Credit Entries
<ul style="list-style-type: none">• Generation of a control number when a taxpayer is making a payment;• Submission of provisional return;• TRA posting a Self-assessment or adjusted assessment;• VAT payable as filed in VAT return	<ul style="list-style-type: none">• When TRA receives payment from tax payer;• When a taxpayer makes a payment in reference to a control number earlier generated;• VAT claimable as filed in VAT return

Under a normal circumstance the debit entries should correspond the credit entries. However, this is not always the case. In an instance of difference:

- DR balance would indicate a tax balance owing to TRA; and
 - CR balance would indicate overpayments which is in taxpayer's favour

REASONS FOR TAX ACCOUNT DIFFERENCES

From experience, we observed instances when statement of tax accounts does not reflect a correct tax position of a taxpayer. There are various reasons resulting to such variances such as:

I. Tax Debit Numbers

A tax debit number is a reference number indicated in an assessment issued by TRA. A tax payer at the time of registering a payment for an assessment should refer to tax debit number indicated in the raised assessment. If a payment is made without capturing the respective debit number a variance will occur; as the debit number/ assessment generated by TRA remains unpaid in the tax system. This is due to no corresponding credit entry created when making payment and statements of tax account will have a variance.

Credit Entries

- When TRA receives payment from tax payer;
 - When a taxpayer makes a payment in reference to a control number earlier generated;
 - VAT claimable as filed in VAT return

Refer to below table, portraying sample of tax debit number relating to provisional taxes:

Installment No.	Tax Debit Number	Amount	Due Date
1	4 38 04 65 23	75,000.00	31/03/2019
2	4 38 04 65 24	75,000.00	30/06/2019
3	4 38 04 65 25	75,000.00	30/09/2019
4	4 38 04 65 26	75,000.00	31/12/2019

II. Control Number

This is a reference number generated when registering a payment using TRA online gate way system. A tax payer needs to ensure that the correct tax type and period is mentioned when registering a tax payment.

The registration of a payment creates a debit entry in the tax account. If the tax payer makes payment of a particular type of tax to TRA without capturing the generated control number or correct tax type or periods such payments will not be recognized and will not be captured correctly in the tax account, hence variance will occur.

Demand or Agency notices



A tax officer may issue a tax demand or agency notice based on a statement of tax account.

Therefore, tax payers should ensure tax payments are correctly registered at time of making payment.

If a tax officer shares a tax account, take the opportunity to reconcile the tax account and make a formal submission to TRA. A copy of the submitted reconciliation should be retained for future references.

III. Provisional Tax Return

Tax laws require a provisional tax return to be submitted within three (3) months of a year of income. The provisional returns declare the estimated installment taxes due for a given year. Upon submission of a provisional return, TRA generates a self-assessment indicating tax payable per installment and its respective tax debit number which is usually a debit entry to the tax account.

It has been noted that many taxpayers make payment of the provisional taxes without considering the debit number or correctly choosing the type of tax payment. This results to failure of the system to recognize the payment as a corresponding credit entry to the debit entries that was created when the provisional return was submitted, thus a variance.

IV. Revised Provisional Tax Return

When there is a change in the estimated income tax due (installment tax), a taxpayer can submit a revised provisional tax return. Upon submission of the revised provisional tax return, the TRA posts the revised returns in to the tax account.

It is generally advised that a taxpayer follows up to ensure that the



revised provisional tax return is correctly captured in the TRA tax system and self-assessment generated reflects the revised position. A taxpayer can make payment using the updated debit number indicated in the revised self-assessment statement or by choosing the correct tax types or period. If payment procedures are not followed correctly, the tax statement would be misstated.



WAY FORWARD

Statement of tax account should reflect the actual tax status of a tax payer. For the tax records to reconcile with TRA statements, a tax payer should observe the following:

- Tax payers are recommended to mention the tax Debit Number indicated on assessments when making payment;
- Tax payer to ensure Provisional Return (Initial or Revised) are reflected correctly in TRA system;
- Tax payer to use tax debit number raised by self-assessments, adjusted or jeopardy when making any payments on the same; and
- Taxpayers to generate a control number using TRA online-gateway system when making payment correctly declaring particular type of tax and period to TRA.



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Our next journal

In the next journal we shall discuss:

- requirements of a fiscal tax invoice/ receipt; and
- Procedures for issuing credit notes.

Feedback or comment

Did you find this journal useful? We would appreciate your feedback.

If there is any suggestions for our upcoming journals we would be happy to receive your requests and suggestions.

If you have any questions or need assistance please feel free to contact us.



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