



CM ADVOCATES LLP

TAX AMNESTY

TAX AMNESTY 2026: *A Limited-Time Opportunity to Clear Historical Tax Penalties*

The Government, through the Finance Act, 2026 has reintroduced the **Tax Amnesty Programme**, allowing eligible taxpayers to obtain a **100% waiver of penalties and interest** relating to tax liabilities that arose on or before **31 December 2025**.

If your business has accumulated tax penalties or interest over the years, this is a great provided an opportunity to start with a clean slate.

The amnesty runs from **1 July 2026** to **31 December 2026**, giving taxpayers six months to regularise their tax affairs.

WHO CAN BENEFIT?

You may qualify for the amnesty if:

- I. You had fully paid your principal tax by **31 December 2025**, but penalties and interest remain on your tax account.

- II. Your outstanding liability consists only of **late filing penalties**, provided you submit all overdue tax returns before **31 December 2026**.

- III. You still owe principal tax relating to periods up to **31 December 2025** and are willing to settle it during the amnesty period or enter into a payment arrangement with the Kenya Revenue Authority (KRA).

To benefit from the waiver, the outstanding principal tax must be fully paid by **31 December 2026**.

WHAT IS NOT COVERED?

The amnesty only applies to penalties and interest arising from tax obligations up to **31 December 2025**.

Any taxes, penalties or interest relating to obligations arising from **1 January 2026**

onwards remain payable under the normal tax rules.

WHAT IF YOU HAVE AN ONGOING TAX DISPUTE?

Having a dispute with KRA does not necessarily prevent you from benefiting from the programme. Where appropriate, taxpayers may resolve outstanding assessments through KRA's Alternative Dispute Resolution (ADR) process. Once the principal tax is agreed and paid within the required timelines, the related penalties and interest may also qualify for the waiver.

WHY SHOULD YOU ACT NOW?

Many businesses postpone dealing with historical tax liabilities because the accumulated penalties and interest make the amounts seem overwhelming.

This amnesty presents a valuable opportunity to:

- I. Reduce your overall tax exposure.
- II. Improve your tax compliance status.
- III. Resolve historical tax issues before they become more costly.

IV. Begin the new financial year with greater certainty.

Since the programme ends on **31 December 2026**, businesses should review their tax position as early as possible to determine whether they qualify and what steps need to be taken.

WE'RE HERE TO HELP

At CM Advocates LLP, our tax team can help you:

- I. Assess your eligibility for the Tax Amnesty Programme.
- II. Review outstanding tax liabilities.
- III. Engage with KRA on payment arrangements.
- IV. Assist with Alternative Dispute Resolution (ADR).
- V. Ensure your business meets the necessary compliance requirements before the amnesty deadline.

For assistance or to discuss your tax position, contact our Tax Team at taxteam@cmadvocates.com.

Contributor:

Wanjiku Kiguatha

Tax Accountant

wkiguatha@cmadvocates.com

CM Advocates LLP – Contact Details

Head Office Nairobi

I&M Bank House, 7th Floor, 2nd Ngong Avenue
T: +254 20 2210978 or +254 716 209673
P.O. Box 22588 – 00505, Nairobi Kenya
E: law@cmadvocates.com

Mombasa Office

Links Plaza, 3rd Floor, Links Road, Nyali
T: +254 041 447 0758 / +254 41 447 0548
P.O. Box 90056 – 80100, Mombasa Kenya
E: mombasaooffice@cmadvocates.com

Regional Presence

Uganda | Tanzania | Rwanda | Zambia | Ethiopia | South Sudan

www.cmadvocates.com