



UNDERSTANDING  
THE VOLUNTARY  
DISCLOSURE  
PROGRAM (VDP)

### **Voluntary Disclosure Programme (VDP)**

This is a programme where a taxpayer confidentially discloses tax liabilities that were previously undisclosed to the Commissioner for the purpose of being granted relief of penalties and interest on the tax disclosed.

#### **When will VDP become effective?**

VDP will be effective 1st January 2021 and shall operate for a period of 3 years.

#### **Which tax periods will VDA Cover?**

The disclosures eligible under the programme will be for tax periods commencing 1<sup>st</sup> June 2015 to 30<sup>th</sup> June 2020.

#### **What remission will an applicant get on penalties and interest?**

If the application is accepted, the taxpayer shall be granted a remission of the interest and penalty due on the tax liability as follows-

- i. 100% remission where the disclosure is made and tax liability paid in the first year of the programme
- ii. 50% remission where the disclosure is made and tax liability paid in the second year of the programme
- iii. 25% remission where the disclosure is made and tax liability paid in the final year of the programme

#### **Can a taxpayer be prosecuted after disclosure?**

No. A person granted relief under VDP shall not be prosecuted for

their previous tax liabilities.

However, where the applicant fails to disclose the facts of the tax liability, the Commissioner may withdraw the relief, assess additional tax or commence prosecution.

#### **Will a person be expected to make a one-off payment?**

The Commissioner shall enter into an agreement with the taxpayer setting out the terms of payment of the tax liability and the payments shall be made within one year.

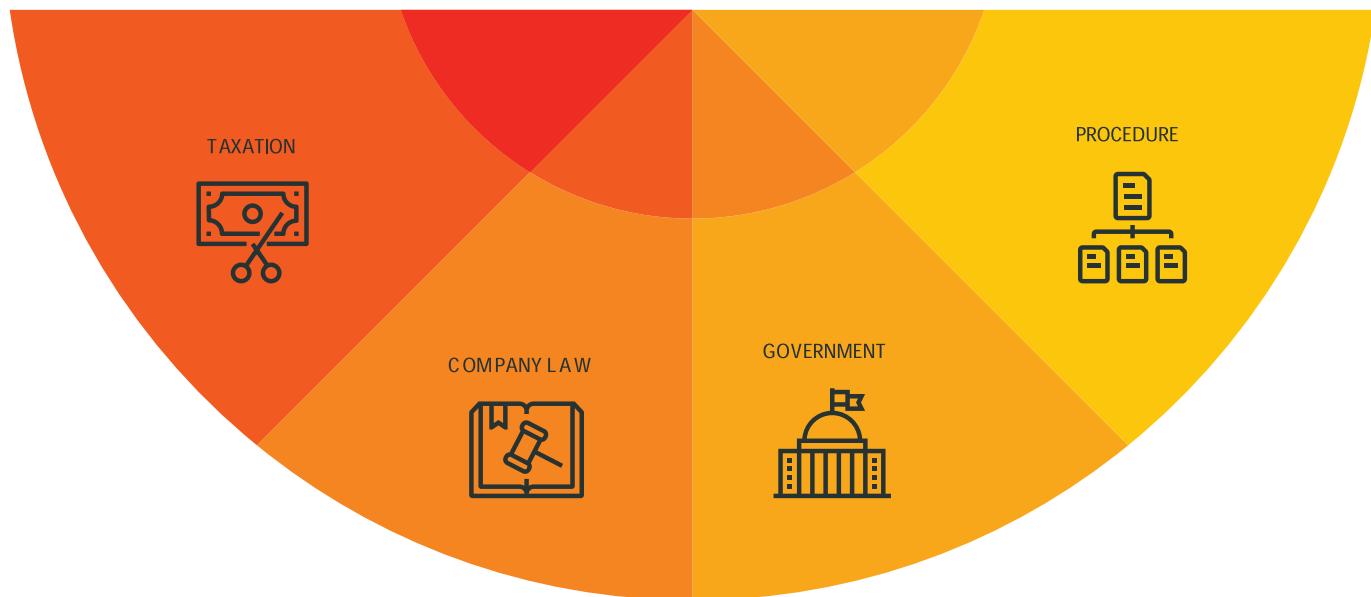
#### **Is VDP applicable to all taxpayers?**

A taxpayer will not be eligible for VDP where the taxpayer: -

- i. Is under audit, investigation or is a party to an on-going litigation in respect of the tax liability
- ii. Has been notified of a pending audit or investigation by the Commissioner

#### **What are the benefits of VDP?**

- i. It will provide an avenue for taxpayers who had previously not disclosed their income to do so without imposition of punitive penalties and interest.
- ii. It is aimed at improving revenue collection through enhanced compliance by bringing more taxpayers from the underground economy into the tax net.



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***Tulipe Ushuru, Tujitegemee!***