

Electronic tax invoices and eTIMS

Kenya tax and compliance

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What KRA's electronic tax invoice system requires, and how it is set up with your Hesabu ERP plan.

Intermediate · About 20 minutes · Version 1.0 · Updated 17 November 2026

Overview

eTIMS (Electronic Tax Invoice Management System) is KRA's system for issuing invoices that KRA can see and validate. VAT-registered businesses are required to use it, and others may be too. KRA also uses it to validate which expenses can be claimed for income tax: an expense backed by an invoice not issued through eTIMS may be disallowed.

> **Check the current rules** with KRA for your business type, and for any waiver or penalty changes. The Finance Act 2026 says KRA will give notice and consider an explanation before penalising a failure to issue an electronic invoice, but you should not rely on that.

How it works

1. Your business registers for eTIMS on iTax and chooses an integration method.
2. Each sale is sent to KRA, which returns a **validated invoice** with a unique control code and a **QR code**.
3. The customer receives the validated invoice, and can claim the expense.

What this means for Hesabu ERP

- **eTIMS is part of every Hesabu ERP plan.** Our team sets it up with you, so you do not need to connect it yourself. Ask us to start, and tell us your KRA PIN and how you sell (counter, delivery or online).
- **KRA must approve your connection first.** You apply for eTIMS on iTax and ask for the **VSCU** service type. After KRA approves it, a small KRA program runs for your business and Hesabu ERP connects to it. We help with the setup, but the approval is KRA's.
- **What is connected:** sales invoices and credit notes. Stock movements and purchase confirmations are not yet sent from Hesabu ERP.
- Until it is set up, you can issue the validated invoice from KRA's eTIMS tool, then record the same sale in Hesabu ERP and enter the **KRA invoice number** in a field (add one if needed, see Custom fields and forms).
- Make sure every customer has the **KRA PIN** recorded, so the invoice names them properly. See Creating and managing customers.

Using eTIMS in Hesabu ERP

Once your connection is set up and switched on:

1. **Items:** open each item and, in the **KRA eTIMS** section, choose its **KRA item classification** and, if needed, its **KRA tax code** (A exempt, B 16%, C 0%, D non-VAT, E 8%). Hesabu ERP registers the item with KRA the first time you sell it.
2. **Customers:** record the customer's **KRA PIN** (Tax ID) where they have one.
3. **Selling:** create and submit the Sales Invoice as usual. It is sent to KRA in the background. A few seconds later the invoice shows **eTIMS: Sent**, with KRA's receipt number, signature and QR code, and you can print it with the **KRA eTIMS Invoice** print format.
4. **If it is not sent:** the invoice shows **Queued** (the connection was unavailable, and it is retried automatically) or **Failed** (read the **eTIMS message**, fix the cause, then click **Actions > Send to eTIMS**).
5. **Returns:** a credit note is sent to KRA like an invoice. Choose the **credit note reason** first, and make sure the original invoice was sent. A sent invoice cannot be cancelled; issue a credit note instead.

The invoice total must match the tax codes on your items. If they do not, the invoice is not sent and the message tells you the two totals.

Steps: a good routine

1. Register for eTIMS on iTax and confirm the method you will use.
2. Make sure every sales invoice shows your PIN, the customer's PIN where available, the description, quantity, price, and tax.
3. Share the validated invoice (with its QR code) with the customer.
4. Each month, compare the invoices in KRA's portal with those in Hesabu ERP. Fix differences before the VAT return.
5. Ask suppliers for eTIMS invoices, and only record purchases supported by valid ones. See VAT.

Practical example

A wholesaler issues invoices through its integrated system. At month end, the accountant matches the total of validated invoices in KRA's portal with the Sales Register, and finds one invoice missing. It is corrected before the VAT return is filed.

Important notes

- Credit notes and returns also need to be reported to KRA. Use Credit notes and debit notes and follow the eTIMS procedure for them.
- Do not alter an invoice after it is validated. Issue a credit note instead.

Common mistakes

- Issuing a plain invoice from the system, and a separate one from eTIMS, for the same sale.
- Recording supplier invoices that are not eTIMS-validated.

Next steps

Read Withholding tax and turnover tax.

Related documentation

- VAT: setting up, recording and returning
- Kenya tax overview and compliance calendar
- Creating a sales invoice