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**CASH ACCOUNTING**

## What is Cash Accounting?

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Cash Accounting is a cash flow incentive available to compliant Value Added Tax (VAT) registered suppliers, where the taxpayer only accounts for the output tax on supplies for which payment has been received and claim input tax only on purchases that have been paid for.

This incentive only applies to supplies for which payment is made wholly by monetary consideration.

### Qualifications for Cash Accounting Scheme

The Cash accounting incentive is restricted to the following:

- Members of the Association of Building and Civil Engineering Contractors (ABCEC) that are required to apply to ZRA for approval to be on the scheme.
- Intending traders in business sectors such as exploration, farming, electricity generation and other businesses that may be granted this status; and

Suppliers of goods and services whose consideration is paid in kind or partly in cash are excluded from the cash accounting scheme.

## How to access the Cash Accounting Scheme

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Businesses that qualify to be on cash accounting as indicated above are required to apply in writing, to the Commissioner-General, who subject to other conditions as he may require, shall approve the application.



Contractors are required to attach a copy of ABCEC membership, certificate or proof of approval from the Energy Regulation Board (ERB) as applicable to their application.

## Requirements for approval to the Scheme

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The taxpayer is required to be:

- Registered for VAT and all other relevant tax types for which they qualify for registration.

- A member of the Association of Building and Civil Engineering Contractors (ABCEC)
- A VAT-registered supplier or intending trader in business sectors such as exploration, electricity generation, farming, and other businesses that may be granted this status; and
- Compliant for all tax types with respect to return submission and payment of taxes.