

# Turnover Tax (TOT) vs VAT in Kenya - 2025 Cheat Sheet

## What is Turnover Tax (TOT)?

- Turnover Tax is a simplified tax regime targeting small businesses in Kenya
- It is charged at 3% of gross income without deductions, making it easier for startups, freelancers, and informal traders to comply.
- However, many business owners are unsure whether to register for TOT or VAT, or both.



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Feature	Turnover Tax (TOT)	Value Added Tax (VAT)
Definition	3% income tax on gross sales (no deductions)	16% sales tax on value added at each supply chain stage
Applicable To	Businesses earning KES 1M–25M annually	Businesses with KES 5M+ turnover or dealing in taxable supplies
Registration Platform	iTax (Amend PIN > Obligations > Add TOT)	iTax (Amend PIN > Add VAT Obligation)
When to Register	Upon reaching KES 1M turnover or starting a small business	Mandatory if turnover exceeds KES 5M and dealing in VAT goods
Deductible Expenses	Not allowed	Input VAT is deductible
Record Keeping	Basic daily sales summary	Detailed invoicing and reconciliations
Filing Frequency	Monthly	Monthly
Final Tax?	Yes	No – you still file income tax separately
Best For	Freelancers, kiosks, consultants, startups	Manufacturers, importers, wholesalers, service firms

This cheat sheet gives you a quick comparison between Turnover Tax and VAT in Kenya, helping you make the right decision for your business in 2025.



# Need Help Figuring Out Your Tax Obligations?

Whether you're a startup, freelancer, or small business owner, Quartet Consulting can guide you through registration, compliance, and tax filing with ease.

**Call or WhatsApp: +254 736 570 370**

**Email: [info@quartet-co.com](mailto:info@quartet-co.com)**

**Website: <https://quartet-co.com/>**

*Let's simplify your tax compliance journey in 2025!*

