

# TAXPAYER MAPPING STRATEGY 2019-2023



**PART 1:**  
INTRODUCTION

**PART 2:**  
STRATEGIC MODEL

**PART 3:**  
STRATEGY MECHANICS

**PART 4:**  
ANNEXES

Report Prepared on 30th September 2019 by  
John Gikang'a — Associate at Jomo Kenyatta University  
of Agriculture & Technology (Consultancy)  
JKUAT Enterprises Limited

**DRAFT 1.2.4**

Reinventing revenue mobilization and tax-  
base expansion through; **precise, data-driven  
taxpayer engagement, education, facilitation  
& intelligence based enforcement.**



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## Participants and Contributors:

<b>Grace Wandera</b>	Deputy Commissioner, Marketing & Communications – KRA
<b>Margaret Irungu</b>	Chief Manager, M&C Public Relations – KRA
<b>Sheila Mugusia</b>	Chief Manager, M&C Customer Experience – KRA
<b>Andrew Osiany</b>	Chief Manager, M&C International Relations, KRA
<b>Ezekiel Maru</b>	Chief Manager — M&C Taxpayer Education, KRA
<b>Beatrice Mundia</b>	Corporate Data Office – KRA
<b>Raphael Wambugu</b>	Customer Experience – KRA
<b>Eunice Gachugu</b>	M&C PR TMS Project Lead – KRA
<b>Felgona Ochieng</b>	M&C PR TMS Project Coordinator – KRA
<b>Eve Ogombe</b>	M&C CX TMS Project Team – KRA
<b>Christine Kagendo</b>	M&C TED TMS Project Team – KRA
<b>Elizabeth Roimen</b>	M&C Stakeholder Engagement TMS Project Team – KRA
<b>Joyce Wachira</b>	M&C TMS Project Team – KRA
<b>Vivian Mwangi</b>	M&C CX TMS Project Team – KRA
<b>Sasha Githinji</b>	M&C IRD TMS Project Team – KRA
<b>Martin Muange</b>	Head of Consultancy – JKUATES
<b>John Gikang'a</b>	TMS Strategy Lead & Engagement – JKUATES
<b>Catherine Musyoki</b>	Associate Design & Publishing – JKUATES
<b>James Kabutugwa</b>	Administrative Support – JKUATES
<b>Fifi Dusabe Ali</b>	Associate, Communications Consultant – JKUATES

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## Abbreviations and Acronyms:

AI	Artificial Intelligence	KRA-BoD	KRA Board of Directors
AIO	Attitudes, Interests & Opinion	KESRA	Kenya School of Revenue Administration
API	Application Program Interface	KPI	Key Performance Indicator
APP	Application (Mobile Device)	KRA	Kenya Revenue Authority
ARCH	Architects (Certified Practitioners)	KRA-RC	KRA Regional Coordinators
BCMS	Business Continuity Management Systems	LSM	Living Standards Measures
BEPS	Base Erosion and Profit Shifting	M&E	Monitoring and Evaluation
BPM	Business Process Management	MNO	Mobile Network Operator
C-C&BC	Commissioner Customs & Border Control Department	MoU	Memorandum of Understanding
C-CSSD	Commissioner Corporate Support Services Department	MTP	Medium Term Plan
C-DTD	Commissioner Domestic Taxes Department	Pr-SEC	Private Sector
C-I&E	Commissioner Investigations & Enforcements	Pu-SEC	Private Sector
C-ISO	Commissioner Intelligence & Strategic Operations	PSC	Parliamentary Service Commission
C-LSBC	Commissioner Legal Services & Board Coordination	PU-SEC	Public Sector
C-SIRM	Commissioner Strategy, Innovation & Risk Management	REI	Revenue Enhancement Initiatives
CEN	Customs Enforcement Network	RF	Revenue Forecasts
CG	Commissioner General	RMA	Rich Media Agency
CRM	Customer Relationship Management	RoC	Registrar of Companies
CTA	Call-to-action	RTM	Route-to-Market
DC-CAM	Deputy Commissioner Corporate Account Management Function	RTMS	Real Time Monitoring System
DC-IAD	Deputy Commissioner Internal Audit Department	SARA	Semi-Autonomous Revenue Authority
DC-M&C	Deputy Commissioner Marketing & Communication	SARS	Scheduling & Reporting System
DC-TLO	Deputy Commissioner Transformation Leadership Office	SCOT	Strengths, Challenges, Opportunities and Threats
DMS	Document Management Systems	SDG	Sustainable Development Goals
DRM	Domestic Resource Mobilization	SIRM	Strategy, Innovation and Risk Management
DWBI	Data Warehouse & Business Intelligence	SNA	System of National Accounts
EAC	East African Community	TBE	Tax Base Expansion
EACC	Ethics and Anti-Corruption Commission	TIMS	Tax Invoice Management System
EGMS	Electronic Goods Management System	TMS	Taxpayer Mapping Strategy
ENTS	Enterprisewide National Taxpayer Segmentation	TP	Taxpayer(s)
ERM	Enterprise Risk Management	TP-AD	Taxpayer Augmented Data
FLP	Freelance Practitioners	TP-GD	Taxpayer Granular Data
FSD	Financial Sector Deepening (KE Limited)	TPD	Third Party Data
GDP	Gross Domestic Product	TPDS	Third Party Data Sources
H-KESRA	Head Kenya School of Revenue Administration	TPJS-1	Taxpayer Journey State - Unaware Taxpayer
HNWI	High Net Worth Individuals	TPJS-2	Taxpayer Journey State - Help Upstream
ICB	Industry Classification Benchmark	TPJS-3	Taxpayer Journey State - Willing and Able Taxpayer
iCMS	Integrated Customs Management System	TPJS-4	Taxpayer Journey State - Potential Rule Breakers
ICT	Information Communications Technology	TPJS-5	Taxpayer Journey State - Boundary Pushers
IGS	Intelligence Gathering System	TPJS-6	Taxpayer Journey State - Rule Breakers
IoT	Internet of Things	TPM	Tax Payer's Month (October)
IT	Information Technology	VAT	Value Added Tax
JEP	Job Evaluation Program (TLO)	VC	Voluntary Compliance
KARF	Kenya Audience Research Foundation	YTD	Year-to-date

## Complex Terminology

Example:

1. Table: GTMS Complex Terminology Table

TERMINOLOGY	MEANING
1. <b>Example: Page 51 Section 2.1.1:</b> Examine TP-GD data using custom statistical suites and integrate advanced realtime cluster correspondence and factor analysis modules.	Scrutinise and interrogate taxpayer's finer details - granular (including sensitive internally accessible compliance information) using software applications such as Asana, TrackMaven, EchoSign, IFTTT et cetera, and pair that information with other tools and applications in use by segment coordination officers and other on-ground teams such as Investigations & Enforcement.
2. <b>AIO:</b> Activities, Interests, and Opinions	Activities, Interests, and Opinions (AIO) are a person's characteristics used by researchers to construct an individual's psychographic profile. An individual's AIO is typically unearthed by researchers through their responses to statements or questions in a survey. Experts apply AIO principles to help focus an organisation's promotional engagement efforts towards its target audiences.
3. <b>Operating Expense Ratio (OER):</b> Operating Expense Ratio (OER)	The operating expense ratio (OER) is equal to a company's operating expenses divided by its revenues. The measure is very common in real estate analysis, whereby analysts are measuring the costs to operate a piece of property versus the income it generates.
4. <b>GTM Strategy:</b> Go-to-market Strategy	A go-to-market strategy (GTM strategy) is an action plan that specifies how an organisation will reach target customers (in this case Taxpayers), to achieve competitive advantage. The purpose of a GTM strategy is to provide a blueprint for delivering service to the end customer, taking into account such factors as targeting and distribution. A GTM strategy is somewhat similar to a business plan, although the latter is broader in scope and considers such factors as funding.
5. <b>RTM:</b> Route-to-market	Route to Market (or Trade Execution & Distribution Plan), provides a roadmap to get services, from from the confines of the office to your end-users, in the most efficient and effective manner, with the aim of growing revenue. RTM is a simple but very powerful methodology for driving profitable growth. RTM provides a quick and proven methodology for aligning marketing and service distribution, and for optimizing spending in these areas, which can total 30% or more of operating expenses.

Table 1: TMS Complex Terminology Table

## PREFACE

**This Taxpayer Mapping Strategy is KRA's plan for setting down the institution's taxpayer intelligence blueprint. This new data-driven approach, will give KRA better comprehension of taxpayers' behaviour and enable us to enhance our collection abilities, helping us to determine the unknown connections and phenomena between taxpayer segment groups and behaviour risk factors. More importantly, it will help us foster a culture of service, taxpayer facilitation and accelerated enforcement.**

With this TMS Strategy, we are maintaining our focus on improving taxpayer experience and fostering a culture of service, taxpayer facilitation and accelerated enforcement. Our direction at the highest level remains the same and we remain firmly committed to our vision, mission and values.

This plan will build on our achievements so far and focus our limited resources on the initiatives that matter most. Going forward, KRA will make every interaction matter, meet the highest standards of professionalism and integrity, and do the basics brilliantly.

We shall continue to clean up our taxpayer data, enhance end-to-end processes and take prompt action to correct any errors in our offering to the taxpayer, key stakeholders and the general public.

Our most prevalent challenge is that current taxpayers' segmentation is relatively limited and static. The existing segmentation challenge, which is related to the taxpayers' behaviour, requires modern segmentation analysis methods and models, which would evaluate the change of economic and psychographic indicators of taxpayers.

This will allow KRA to react to the shifting risks and circumstances, which predetermine tax compliance or evasion. The aim of our approach is to provide a taxpayers' segmentation model that allows for classification according to the taxpayer behaviour and known obligations, both financial and non-financial.

Taxpayers provide KRA with a lot of data and information, but not always such a huge amount of data is transformed into knowledge that can be useful in identifying behaviours and actions that may be related to non-compliance.

Organizing and analyzing stored data of taxpayers is time-consuming work that must be done very purposefully. It becomes essential to develop processes for data mining in order to identify possible correlations and systematic relationships between variables that can be validated through the application of detected patterns to new subsets of taxpayer firmographics.

**JAMES GITHII MBURU**  
**COMMISSIONER GENERAL**

## EXECUTIVE SUMMARY

**The purpose of this TMS is to realise successful delivery of taxpayer engagement, by ensuring processes and services are tailored to the requirements of our taxpayers, while maintaining fairness and consistency across the spectrum and addressing cross-cutting behaviours. It provides opportunities to achieve sustainable collection activities as well as robust taxpayer recruitment and engagement programmes.**

This Taxpayer Mapping Strategy emphasizes the role of people and technology in long-term tax-base expansion planning as a tool for revenue growth, stressing on a reliance of diversification in our communication approaches and structural transformation, in order to address such cross-cutting issues as promoting inclusion of taxpayers across varied segments.

Data-driven revenue mobilization and governance thus needs to be more intentional, consolidating the principles of service effectiveness, taxpayer support, transparency, staff accountability and participation, as well as sound reporting on revenue to the publics and key stakeholders. In essence, what problem will the TMS solve for KRA and the taxpayer? Simply put, it will enable us employ data and insights to understand the taxpayer and eliminate compliance apathy by closing engagement and service gaps.

Presently, KRA's taxpayer engagement is been too broad rendering it ineffective, due to segmenting based on revenue streams i.e. Large, Medium and Small taxpayers. This has erroneously clustered all taxpayers into ineffective generic segments. Due to the dynamic needs, expectations,

and technological exposure in today's connected world, taxpayers have come to expect personalized services based on their individual attributes, unique needs and journey states. Generic taxpayer segments, therefore, have not fully supported the time-cost value of revenue collection since individuals and businesses within these segments have a complex set of motivations to comply, affected by economic status, societal norms, and a passive enforcement-focused operation.

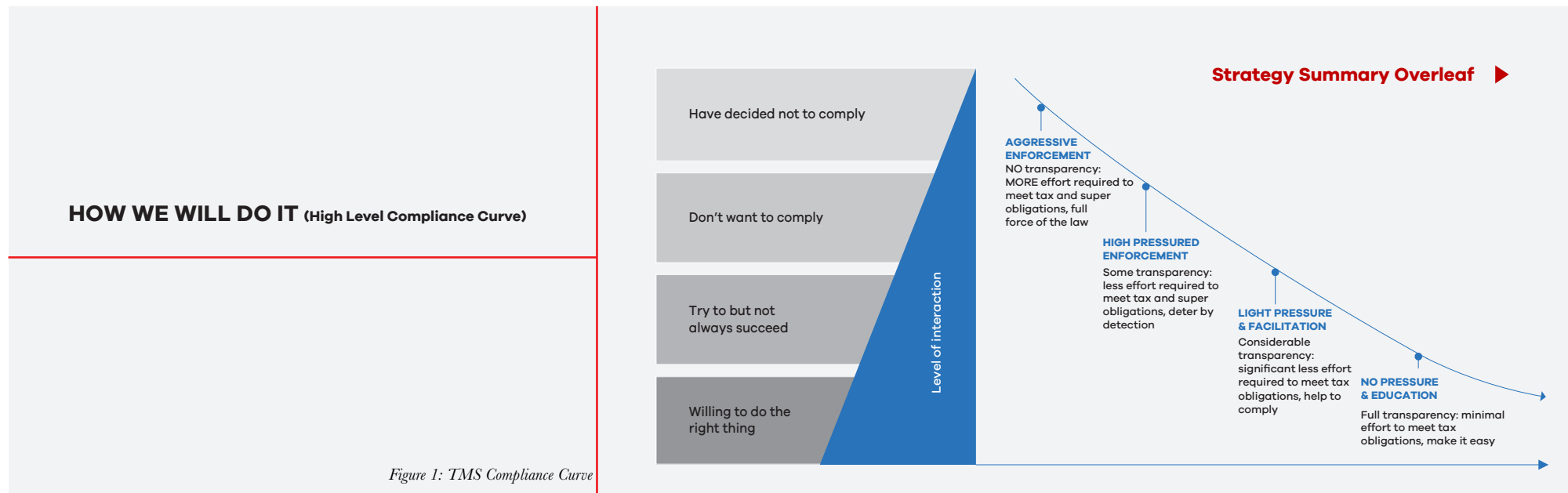
Despite efforts made to offer tailor-made services to the existing broad segments, KRA still faces the challenge of interacting with taxpayers and key stakeholders in a timely and relevant manner i.e. giving the right services to the right stakeholders at the right time. This has vastly contributed to low compliance levels and spiked collection costs.

Taxpayers do not only need personalised communication, but services that are tailored to their specific needs and circumstances, making it easier for them to see all their tax information on a unified platform. With the same breadth, KRA will be better equipped with a single customer view that will enable us to target our enforcement activities in a more aggressively and efficiently.

# CONCEPT NOTE

## IS KRA NOT THE LARGEST CORPORATION IN KENYA?

If we were to look at Kenya Revenue Authority as a company, public or private, then it would no doubt be the largest in Kenya. Last year alone, we collected revenue amounting to Kes. 1.58 trillion, on the back of 5,000 employees. This is an impressive feat by any standard, considering the challenging environment that KRA operates in. Our goal is to increase this momentum.



# TAXPAYER MAPPING STRATEGY SUMMARY

<b>Our Mandate</b>	Collect Tax Revenue: from Individuals & Corporations	Ensure Compliance: through Facilitation & Enforcement	Facilitate Trade: through Customs & Duties	Protect Our Borders: through Customs Legislation														
<b>Our Strategic Aspirations</b>	Enhance organisational health through a high-performance culture.	Streamline all operations into a data-driven future.	Build public trust & confidence through fair and efficient revenue collection.	<b>VISION:</b> A Globally Trusted Revenue Agency Facilitating Tax and Customs Compliance <b>MISSION:</b> Building Trust through Facilitation so as to foster Compliance with Tax and Customs Legislation <b>VALUES:</b> Trustworthy, Ethical, Competent, Helpful														
<b>Strategic Principles</b>	Convenience	Customer Friendliness	Efficiency	Mandatory, Equitable														
<b>Strategic Outcomes</b>	Voluntary compliance and an expanded tax base		Ease & fairness of engaging and transacting with KRA	Enhanced cost effective, efficient revenue operations.														
<b>Strategic Priorities</b>	Existing taxpayers segmentation enhancement	Data-driven taxpayer facilitation & robust enforcement	Enhanced staff capabilities through organisational health	Purposeful, functional & beneficial stakeholder relationships														
<b>How do we Measure Progress?</b>	<ol style="list-style-type: none"> <li>% Increase in compliance index from new taxpayer categories segmented</li> <li>Revenue collected (KES. Bn.) from previously bundled categories and segments</li> <li>% Decrease in gap between 12.3million economically active Kenyans and 4million active taxpayers</li> <li>% Of declarations from newly targeted segments and categories</li> <li>% Increase of the MSME Business register</li> <li>% Increase of the informal individual register</li> </ol>	<ol style="list-style-type: none"> <li>Number of newly enrolled Third Party Data Sources to begin TPDS Firmographic Population</li> <li>% Increase in revenue collected from new data sources and efforts (KES. Bn.)</li> <li>% Decrease in taxpayer complaints signifying relevant, personalised, effective service and quick problem resolution</li> <li>% Uptake in electronic filing, declaration and payment</li> <li>% Increase in interactions with call center and other touchpoints</li> </ol>	<p>Is KRA's general Direction one of shared vision &amp; strategic clarity with employee involvement?</p> <ol style="list-style-type: none"> <li>Leadership Index - Is it authoritative, consultative, supportive &amp; challenging?;</li> <li>External Orientation - Customer focus, partnerships, community relations;</li> <li>Culture &amp; Climate Index - Are we revenue focussed, open &amp; trusting, creative, internally competitive, operationally disciplined?;</li> <li>Innovation + Learning Index: Do we have a top-down innovation &amp; knowledge sharing that captures external ideas?</li> </ol>	<ol style="list-style-type: none"> <li>Stakeholder influence index to core TPDS intelligence;</li> <li>% Stakeholder contributions and inducement to core activities;</li> <li>% Level of dependency on stakeholder influence to core outcomes;</li> <li>% of stakeholder's influence on key customers</li> <li>% of stakeholder's influence on key KRA business processes</li> <li>% of stakeholder's influence on critical financial outcomes</li> </ol>														
<b>Our go-to-market approach</b>	<table border="1"> <thead> <tr> <th>TAXPAYER JOURNEY STATE</th> <th>COMPLIANCE STRATEGY</th> </tr> </thead> <tbody> <tr> <td>Unaware Taxpayer</td> <td>Make Aware (TED)</td> </tr> <tr> <td>Taxpayer who needs help upstream</td> <td>Assess &amp; Guide (CX)</td> </tr> <tr> <td>Willing and Able Taxpayer</td> <td>Make it Easy (DTD, CBC, SIRM, CSSD)</td> </tr> <tr> <td>Potential Rule Breakers</td> <td>Help to Comply (DTD, C&amp;BC, SIRM)</td> </tr> <tr> <td>Boundary Pushers</td> <td>Deter with Detection (ISO, I&amp;E)</td> </tr> <tr> <td>Rule Breakers</td> <td>Aggressive Enforcement (ISO, I&amp;E)</td> </tr> </tbody> </table> <p style="text-align: center;"><b>Voluntary compliance &amp; willing participation</b></p> <p style="text-align: center;"><b>Risk</b></p> <p style="text-align: right;"><b>Low Compliance Costs; Facilitate</b></p> <p style="text-align: right;"><b>High Compliance Costs; Enforce Fully</b></p>				TAXPAYER JOURNEY STATE	COMPLIANCE STRATEGY	Unaware Taxpayer	Make Aware (TED)	Taxpayer who needs help upstream	Assess & Guide (CX)	Willing and Able Taxpayer	Make it Easy (DTD, CBC, SIRM, CSSD)	Potential Rule Breakers	Help to Comply (DTD, C&BC, SIRM)	Boundary Pushers	Deter with Detection (ISO, I&E)	Rule Breakers	Aggressive Enforcement (ISO, I&E)
TAXPAYER JOURNEY STATE	COMPLIANCE STRATEGY																	
Unaware Taxpayer	Make Aware (TED)																	
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Boundary Pushers	Deter with Detection (ISO, I&E)																	
Rule Breakers	Aggressive Enforcement (ISO, I&E)																	

Figure 2: TMS One Page Summary

## OVERALL OUTCOMES & BENEFITS TO BE REALISED

For Country	For Taxpayer	For KRA
Voluntary compliance and an expanded tax base.	Ease & fairness of engaging and transacting with KRA.	Enhanced cost effective, efficient revenue operations.
<b>More Resources for the Nation</b>	<b>Quick &amp; Precise Filing, Payment &amp; Resolution</b>	<b>Increased Revenue with lower operating expense ratio</b>
<b>Target Kshs. 7 Trillion</b>	<b>10% human interaction</b>	<b>Up revenues down 0.7OER</b>
By 2023	90% Web/Apps/UUSD	< 70% OER

### Future State

- 1. Kenya's largest organisation** — by revenue handled on the back of 5,000 staff
- 2. The government's most critical enforcer & enabler** — funding more than 96% of GoK operations
- 3. Best Practise** — Kenya's operationally & most technologically advanced public sector organisation
- 4. Africa's Thought Leader** — Join SARS in Africa and other best-in-class Tax Authorities globally
- 5. Organisation Maturity** — Tier 1 organisation maturity and an equal opportunity employer

# 1.0 Intro- duction

Introduction

Context

Alignment

2019 TAXPAYER  
2023 MAPPING

## 1.1 BACKGROUND

The Kenya Revenue Authority (KRA) was established by an Act of Parliament, Chapter 469 of the laws of Kenya, which became effective on 1st July 1995. The Authority is charged with the responsibility of collecting revenue on behalf of the Government of Kenya.

## 1.2 MANDATE

The core functions of the Kenya Revenue Authority are: -

1. To assess, collect and account for all revenues in accordance with the written laws and the specified provisions of the written laws.
2. To advise on matters relating to the administration of, and collection of revenue under the written laws or the specified provisions of the written laws.
3. To perform such other functions in relation to revenue as the National Treasury may direct.

## 1.3 STRATEGIC DIRECTION

Presently, the authority's strategic direction is guided by the 7th Corporate Plan and a Transformation Agenda that seeks to enable the entire organisation to transition to new ways of working by leveraging on the greater opportunities presented by investment in technology. This in turn should lead to enhanced revenue mobilisation and more efficient customer service informed by better data utilisation anchored on intelligence and objective risk profiling, with a major shift from an emphasis on Enforcement towards greater Taxpayer Facilitation.

KRA has set out to develop a differentiated approach that will engage taxpayers through the most appropriate channels that will meet both their needs and those of the organization, in order to achieve voluntary compliance and Tax Base Expansion at the lowest cost. The strategy emphasizes the need to know the taxpayer intimately as a prerequisite for marketing channels design. Essentially, the Authority needs to understand its customers' behaviour, preferences and expectations better than ever before.

#### 1.4 THE TRANSFORMATIONAL JOURNEY

In 2006, the Revenue Administration Reform and Modernisation Program (RARMP) was created, to move KRA into higher levels of organisational maturity, by elevating it into a modern, fully integrated revenue administration agency. Through this program, KRA has grown into an organization explicitly and consistently deploying practices and processes that are documented, managed, measured, controlled, and continually improved. Since then, KRA has achieved automation of core revenue systems, customer service platforms and internal support systems.

Our transformational journey is currently on the 7th Corporate Plan, going by the theme: Revenue Mobilization through Transformation, Data-driven Decision-Making and Tax Base Expansion. Among the plan's key strategic priorities, is the Improved business climate with intent to achieve a quantum leap in taxpayer engagement through enhanced customer service improvement as a key intervention. This has been characterized by reforming the tax environment towards ensuring a friendlier more participatory regime, with more emphasis on facilitation.

#### 1.5 360-DEGREE CUSTOMER VIEW

The goal of this programme is to transform KRA into a modern fully integrated revenue administration agency. In light of this, our integrated marketing communications must utilize the vast quantities of data being generated by current business systems to get a complete 360-degree customer view, to facilitate taxpayer compliance, and enable us to make decisions based on evidence through the quality of taxpayers' data and information.

In pre-empting this complete customer view, the Taxpayer Mapping Strategy sets to discover and size taxpayer segments through holistic data analysis and discovery. The TMS will empower KRA to activate customer interactions through audience profiling and management, engagement and education. With this intelligence and other smart tools, the TMS will turn customer data into intelligence for the complete and total transformation of all KRA Service Lines.

*This Taxpayer Mapping Strategy emphasizes the role of people and technology in long-term voluntary compliance & tax-base expansion planning as a tool for effective revenue collection & governance.*

## 1.6 KENYA REVENUE AUTHORITY'S ROLE AND ALIGNMENT TO NATIONAL GOALS

### VISION 2030 & MTP III

Through the execution of its mandate, Kenya Revenue Authority's contribution to economic development as pertains to Vision 2030 will be predominantly felt within all three pillars of the Vision's strategy. Our role thus is clear; Mobilise resources to enable national & county governments to fund critical yet capital-intensive economic, social and political activities.<sup>1</sup>

<sup>1</sup> Kenya Vision 2030 Popular Version 2008-2030

This Taxpayer Mapping Strategy is designed to align to key national and global priorities in line with the Constitution of Kenya, Kenya Vision 2030, MTP III, Sustainable Development Goals (SDGs 8, 9, 10, 16 and 17), Africa's Agenda 2063, the MDA's enabling Act and Acts relevant to the Sector's activities, the Executive Order (Presidential Circular) on Organizational of the National Government, national Performance Contracting Guidelines and lastly but very key, the 7th Corporate Plan.

With reference to Kenya Vision 2030, KRA's mandate aligns to the Economic Pillar, which aims to improve the prosperity of all Kenyans through an economic development programme, covering all the regions of Kenya, and aiming to achieve an average Gross Domestic Product (GDP) growth rate of 10% per annum beginning in 2012.

Kenyans appreciate the pivotal role macroeconomic stability has played in the country's economic recovery and resumption of rapid growth by the Kenya economy since 2003. This is evident in the low levels of underlying inflation, limited public sector deficits, a stable exchange rate, and low interest rates over that period. For this reason, Kenya Vision 2030 places the highest premium on the stable macroeconomic environment the country

now enjoys, and expects it to continue in the future as a matter of policy. This is the only way in which confidence among investors and ordinary Kenyans can be maintained. A stable economic environment also works in favour of the poor who stand to lose the most in periods of high inflation. All the projects proposed under Vision 2030 will, therefore, be subjected to the parameters set under the macroeconomic stability framework, as reviewed on a continuous basis by the National Treasury and the Central Bank of Kenya.

Kenya Vision 2030 is anchored on macroeconomic stability; continuity in governance reforms; enhanced equity and wealth creation opportunities for the poor; infrastructure; energy; science, technology and innovation (STI); land reform; human resources development; security as well as public sector reforms.

Macroeconomic stability has played a pivotal role in the country's economic recovery and resumption of rapid growth by the Kenya economy since 2003. For this reason, Kenya Vision 2030 places the highest premium on the stable macroeconomic environment the country now enjoys, and expects it to continue in the future as a matter of policy.

*KRA's mandate is central to all 17 SDGs due to their resource-heavy nature, and in the realisation that action in one area will affect outcomes in others.*

### 1.6.2 AFRICA UNION AGENDA 2063

KRA's mandate enables Kenya to make contribution to three of the 7 aspirations that make up the Africa Agenda 2063. These are:

**Aspiration-1:** A prosperous Africa based on inclusive growth and sustainable development.

**Aspiration-6:** This aspiration envisions an Africa, whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children.

**Aspiration-7:** Africa as a strong, united, resilient and influential global player and partner.

### 1.6.2 GLOBAL GOALS

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

KRA's mandate is central to all 17 Goals due to their resource-heavy nature, and in the realisation that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. Kenya, as a citizen of the world, has committed to fast-track progress through the pledge to *Leave No One Behind*.



Figure 3: Sustainable Development Goals (SDGs)

## 1.6.3 ALIGNMENT TO OTHER STRATEGIES



Figure 4: Alignment With Other Strategies

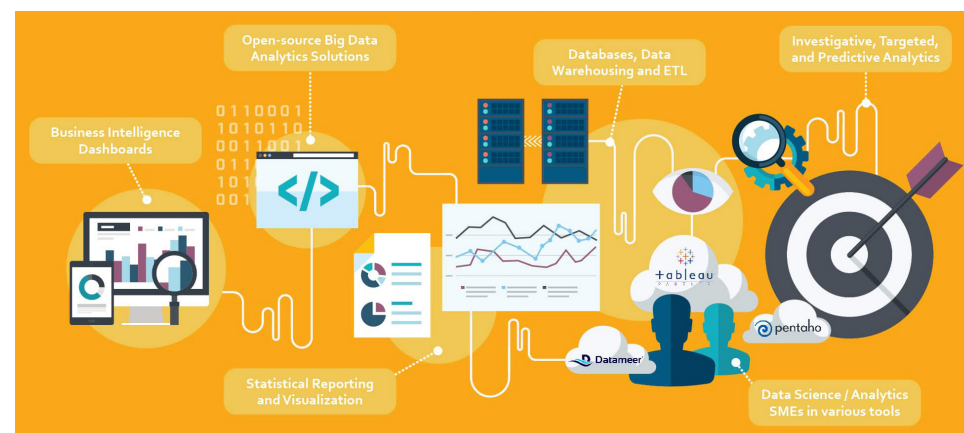
## 1.7 GLOBAL CONTEXT

The world stands on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be immense and will change the way humankind will engage one another. The response to this paradigm shift must be integrated and comprehensive, involving all stakeholders of global leadership in the public and private sectors, to academia and civil society.<sup>2</sup>

The speed of current breakthroughs has no historical precedent and there are three reasons why today's transformations represent not merely a prolongation of the Third Industrial Revolution but rather the arrival of a Fourth and distinct one: Velocity, Scope, and Systems Impact. When compared with previous industrial revolutions, the Fourth is evolving at an exponential rather than a linear pace, disrupting almost every industry in every country, which will affect KRA's operations in unpredictable ways.

The breadth and depth of these changes signal the transformation of entire systems of management and governance. The fourth industrial revolution is the current and developing environment in which disruptive technologies and trends such as the Internet of Things (IoT), robotics, virtual reality (VR) and artificial intelligence (AI) are changing the way we live and work, and is differentiated by the speed of technological breakthroughs, the pervasiveness of scope and the tremendous impact of new systems, of which KRA is not immune.

Figure 5: Big Data & Analytics Services



<sup>2</sup> Klaus Schwab, January 14 2016, World Economic Forum, *The Fourth Industrial Revolution: What it means and how to respond*.

# 2.0 Situational Analysis

Environmental scan

SCOT Analysis

2019 TAXPAYER  
2023 MAPPING

## 2.1 ORGANISATIONAL ENVIRONMENTAL SCAN: 2017/18 – 2019/20

Our mandate is extremely significant to society which is – to contribute to the economic and social development of our nation, and the wellbeing of all Kenyans through collecting the resources needed by the National Treasury to meet government policies and delivery priorities.

Persistent development and geo-political challenges that our country faces and the effects of economic downturn have combined to mount immense pressure on the Kenya Revenue Authority to maximise performance. This means that we have to come up with innovative ways to improve operations and services, in a sustainable way to meet current and future revenue needs. for the period ahead.

Since our establishment in 1995, we understand our mandate as much more than merely revenue collecting. Our mandate is more significant to the Kenyan society which is to contribute to the economic and social development of our nation, the wellbeing of all Kenyans, both through collecting the resources needed by the national treasury to meet government policies and delivery priorities, as well as by facilitating the social contract between the state and its citizens.

This section contains an analysis of our environment and the major risks that are impacting KRA currently, and are likely to influence revenue operations in 2019/20 and beyond.

## 2.2 PERFORMANCE REVIEW – 1

### WHAT WORKED

- **Revenue Growth:** Kenya Revenue Authority records a 7.47 percent growth over Sh1.34 trillion collected in the year ended June 2018.
- **Customer Service:** In 2019, Customer Service was improved by shifting the customer service paradigm. This was achieved by improving service accessibility by establishing iTax Support Centres Countrywide and other digital platforms. Further, our offices opened for longer hours in June, to facilitate filing of tax returns and payment of taxes by taxpayers; including traders, importers and exporters.
- **Tax Evasion Schemes:** In one case out numerous ones cited and dozens under investigations, KRA's interventions in April 2018, outsmarted sophisticated tax evasion schemes relating to evading of Sh7 billion in value added tax (VAT) and income taxes.
- **Sector Boost:** The legal and regulatory framework for KMRC, waiving of stamp duty for first time home buyers, and standardization of forms to register a change on property were completed, increasing homesales across the country. This energised the construction sector which is a key contributor to revenue.
- **Enhanced Trade Tracking:** KRA sets in motion plans to rollout the Tax Invoice Management System (TIMS), which connects traders' systems, tax registers, point of sale and an invoicing track system with iTax to monitor the generation of electronic tax invoices. This will henceforth give the authority intelligence on how much businesses are generating daily, eliminating underdeclaration of earnings.
- **Professionals TBE:** In another bold intelligence gathering initiative, KRA asks insurance firms for data on payments to doctors and other practitioners in the medical field. This will enable us in broadening the taxbase but netting in more professionals by providing better facilitation of those in the field.
- **HNWIs TBE:** KRA publishes a list of HNWIs, with the data used to calculate the gross income of these individuals for purposes of taxation, signaling a move towards netting in a large group of ultra-wealthy individuals (especially the politically connected), who have shrouded their wealth in trusts and proxies.

Table 2: Situational Analysis - Performance Review

## 2.2 PERFORMANCE REVIEW – 2

WHAT DIDN'T WORK	WHY
<ul style="list-style-type: none"> <li>• <b>Missed targets:</b> Despite improved year-on-year collections, KRA missed Treasury's Sh1.6 trillion revenue target for the 2018/19 financial year, terming it unattainable despite an increase in total tax collections in the financial year ended June by Sh100.1 billion to Sh1.44 trillion.</li> </ul>	<ul style="list-style-type: none"> <li>• Despite KRA's good revenue collection performance, the bounce-back of Kenya's main tax categories, namely income tax and VAT, is much weaker. Tax revenue as a percent of GDP dropped from 18.1 percent in FY 2013/14 to 17.1 percent in FY 2016/17 and preliminary results show this ratio dropping to 15.4 percent in FY 2019/20.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Underperformance:</b> In contrast to expenditures, domestic revenue mobilization significantly underperformed, thereby mitigating the extent of fiscal consolidation.</li> </ul>	<ul style="list-style-type: none"> <li>• This is attributed to underperformance in both income tax and VAT – Kenya's largest sources of tax revenue, accounting for over 70 percent of tax revenue. Underperformance in income tax collection could also be associated with lower profitability in the corporate and the banking sector, and inefficiencies in remitting income tax by state-run corporations experiencing cash flow difficulties.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Over-reliance:</b> Both direct and indirect taxes accounted for 8% of GDP showing an unhealthy reliance on direct taxes more than other tax peer countries (TPC) at similar levels of economic development.</li> </ul>	<ul style="list-style-type: none"> <li>• The slower bounce-back of tax revenue relative to nominal GDP suggests that the factors associated with the shortfall are structural. KRA teams to give insights to enable population of this section.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>BEPS Initiatives:</b> Kenya is not a signatory to the OECD Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting. This means that KRA is not benefitting from key insights to enable efficient implementation of tax treaty related measures, losing significant revenue to aggressive tax planners.</li> </ul>	<ul style="list-style-type: none"> <li>• Kenya has not developed anti-abuse taxation to counter this practice? KRA teams to give insights for the population of this section.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Reputation Management:</b> In a massively reputation-damaging development, dozens of KRA staff were arrested and detained over accusations of corruption, bribery and tax evasion.</li> </ul>	<ul style="list-style-type: none"> <li>• A clear gap in KRA's organisational health which creates a different set of values for different members of staff. A siloed culture also creates a gate-keeper modus operandi which translates in covert and often illegal internal activity going unnoticed.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Taxpayer Apathy:</b> There has been an increase in taxpayer apathy due to governance issues such as perceived institutionalised corruption and a high-risk borrowing appetite. Taxpayers' general perception is that a majority taxes are going to debt servicing.</li> </ul>	<ul style="list-style-type: none"> <li>• The country's debt remains below the low-income countries Debt Sustainability Analysis (DSA)<sup>3</sup> debt thresholds of 74 percent of GDP in present value terms. The public is generally unhappy due to their perception of the government's overborrowing creating a justification for not paying taxes.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Economic Downturn:</b> Financial pressure created by a negative economic climate resulted in a downward shift in compliance behaviour. Under the current economic downturn, sustaining taxpayer compliance levels has been difficult, for both individuals and corporate taxpayers.</li> </ul>	<ul style="list-style-type: none"> <li>• This pressure was transmitted primarily by trade and financial flows forcing millions back into poverty. Attainment of the Millennium Development Goals was seriously jeopardised and the country does not have the resources to stimulate the economy and protect socially disadvantaged classes to the same extent as developed countries.</li> </ul>

## 2.3 LESSONS LEARNT

LESSON	OBSERVATION & WAY FORWARD
<ul style="list-style-type: none"> <li>• <b>Implementation disconnect leads to little or no accountability resulting in low traction for key initiatives:</b></li> </ul>	<ul style="list-style-type: none"> <li>• At a corporate level, there is a disconnect between implementation of interventions and achievement of targets, leading us to the conclusion that performance must not be compartmentalised within grades/levels, but rather unified, and cascaded from top down.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Projects closing before completion and new ones being implemented outside the Plan created continued redundancies:</b></li> </ul>	<ul style="list-style-type: none"> <li>• Several projects outside the 7th Corporate Plan were being implemented, while priority ones were underfunded. Where interventions were incomplete, the causes were mainly operational in nature rather than the expected underfunding. Adopt unified organisation-wide programme and project tracking to ensure successful integration of projects across teams and departments for better implementation of projects and eliminate duplication.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Lack of annual and quarterly targets for effective monitoring of 6th Corporate Plan initiatives created a time lag on M&amp;E:</b></li> </ul>	<ul style="list-style-type: none"> <li>• Development of annual implementation plans hampered by lack of annual targets which in turn affected monitoring of the initiatives.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Focussing reporting on outputs only instead of outcomes tends to be too clinical in identifying and measuring real performance or traction:</b></li> </ul>	<ul style="list-style-type: none"> <li>• Historically, KRA has tended to focus reporting for accountability purposes on outputs (e.g. number of returns filed, audits completed, etc.) more so than outcomes. However, outcome measures are technically more difficult to measure, they are complex and involve the interaction of many factors, planned and unplanned. Also, there are problems with time lag issues and in some cases the results are not completely within the control of Kenya Revenue Authority. This strategy guides and proposes that KRA forms a hybrid approach to focus planning and performance evaluation towards a combination of outputs and outcomes.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Strategic priority measures are critical for monitoring TMS delivery against its five-year go-to-market approach:</b></li> </ul>	<ul style="list-style-type: none"> <li>• The strategic priorities are always in support of one or more of the core outcomes and the strategic priority measures will be used to track and evaluate key outputs that will indicate if KRA's SARS is making progress in delivering the outcomes. Thus, the strategic priority measures will be output measures. These strategic priority measures will be reviewed and replaced with new measures at the end of every planning cycle, in line with the strategic priorities relevant for the next planning period. These measures will be tracked and evaluated internally to track our progress.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Ideal outcome measures need to be developed against a set of proxy output measures to be used to monitor and evaluate TMS delivery:</b></li> </ul>	<ul style="list-style-type: none"> <li>• We shall define outcome measures for all core outcomes, establish baselines for defined outcome measures, begin tracking outcomes, and introduce outcome measures into planning &amp; performance management.</li> </ul>

## 2.4 SCOT — INSTITUTIONAL AND ENVIRONMENTAL SCAN

**Some key factors affect KRA's capacity to effectively execute effective and far reaching taxpayer engagement. The SCOT, PESTEL<sup>3</sup> and Stakeholder analysis frameworks were used to identify these factors. It is upon these factors, that this TMS is based.**

### 2.4.1 STRENGTHS

- **Technology Investments:** Transformation of KRA through technology investments and alignment of processes impacted by technology has been ongoing for more than a decade now. This has resulted in automation of platforms, enhanced electronic solutions, improving our IT operational efficiency and business responsiveness.
- **Service:** We continued to reinforce a culture of service through continued improvement in our staff engagement, using our assets and capabilities to deliver wider national goals and support economic growth.
- **Transition of Staff:** Through the revision and continuous improvement of our Job Evaluation Programme (JEP), to determine our relevance in the face of the ongoing technological transformation.
- **Consolidation of Functions:** The Implementation of Shared Services through consolidation Support Functions for efficiency through Work Environment Transformation to foster a positive working environment (office space, ergonomics and working tools).
- **Content Transformation:** We have developed a more customer-focused and service centered corporate website and digital content operation, where taxpayers and businesses can access tax services and information easily and conveniently, backed by a robust Content Strategy and governance structure.
- **Strong Visible Brand:** Our brand has had widespread mainstream media visibility through the fight on tax evasion, especially as seen through enforcement and prosecution of high profile cases.

<sup>3</sup> 2018/19 - 2020/21 The Seventh Corporate Plan — Operating Environment

### 2.4.2 INSTITUTIONAL CHALLENGES

- **Insufficient intelligence on the taxpayer market:** With a rather static segmentation, KRA lacks sufficient intelligence on taxpayer psychographics. Currently, there are only 3 broad categories of Taxpayers which has led to an one-size-fits-all taxpayer recruitment and engagement approach. In addition, there is lack of intelligence on taxpayer firmographics which has left KRA without measured and effective targeting strategies to meet the divergent needs of the heterogeneous segments.
- **Inadequate financial, human and physical resources:** The Authority's capacity to fully execute its mandate has been hampered by inadequate funding, which in turn made it difficult to finance critical resource investments. In this post big-data environment, the Authority still hasn't managed to rationalise and unify its automation. While there are ongoing initiatives and concerted efforts to realise full automation, the process has been slow. In terms of human resources, skills gaps in emerging specialized sectors have been persistent, thus hampering KRA's ability to analyse realtime data and form actionable data-based intelligence to enable effective taxpayer services.

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**KRA is working to close skills gaps and move towards a highly professional and sustainable workforce through better training, development and by collaboration.**

### 2.4.3 EXTERNAL THREATS

- **Extreme Taxpayer Apathy:** Taxes have direct and severe impact on the citizens and businesses. It is therefore not surprising that unhappy citizens are the biggest opponents of KRA's operations.
- **Digital Economy:** Rapid global digitalization has transformed the way people and businesses transact and increases the scope for certain activities that are not visible to the tax administration leading to decentralised revenue loss.
- **Economic downturn:** When the economy slows down, so do tax revenues. When government income decreases, public finance managers must examine our spending as a country to stay within our means. Unfortunately, government, has no income limitations. When tax revenues decrease, government has two options. First, reduce spending to stay within the revenues available, the second is to raise taxes to meet the perceived need regardless of the ability of the taxpayer to meet the demand. This in turn alienates the taxpayer.
- **Integrity Challenges:** Integrity challenges within KRA as an organization continue to undermine levels of trust and confidence in our tax system affecting willingness of the public to comply.
- **Porosity:** Instability and underdevelopment of some of our neighbouring countries facilitates trade porosity across our porous borders.
- **Global Cybercrime and Cyber Security Risks:** Increased automation has exposed us to global cyber security threats that could undermine integrity of our data systems and compromise confidentiality of information, resulting in disruption due to unavailability of our systems.
- **Tax Fraud:** Companies and individuals continue to manipulate their records. Significant use of 'ghost traders' to generate fake invoices and illegal production and trade in excisable goods undermines our efforts to improve compliance.
- **Cross border Tax Avoidance Schemes:** Multinational and large companies which predominantly operate and make profits in Kenya continue to use sophisticated schemes, such as, transfer pricing via BEPS and other aggressive tax planning tactics.

#### 2.4.4 OPPORTUNITIES

**For KRA to deliver personalised services & compliance approaches (i.e. outreach, education, service and enforcement), that meet the needs of taxpayer, to shape their compliance behaviour, we must conduct Enterprise-wide National Taxpayer Segmentation (ENTS).**

#### 2.5 Innovation

Kenya Revenue Authority recognises that fostering innovation is ultimately the fastest route to achieving our future goals. This and other opportunities to grow positive engagement with risk is necessary to make the most of revenue opportunities, deal with rampant tax cheating, non-compliance and build a strong risk culture throughout the organisation.

For KRA to be effective in meeting taxpayer expectations in this age, there are three innovations that we must focus on to reshape tax administration and increase revenue exponentially namely; 1. Digitizing interactions with taxpayers, 2. Advanced analytics and 3. Process automation. For the organisation's back office to achieve the above, we must pay close attention and put greater investments in Talent Management. KRA has made significant strides in Process automation and has begun the journey of building fit-for-purpose teams.

#### 2.6 Technological touchpoints

We are in an age when we can order food, order a taxi, track our fitness, book a flight, and perform multiple banking activities from our smartphones. Needless to say, technology is shifting citizen expectations across the globe and these higher expectations directly translate to higher expectations for government services. While numerous public-sector institutions lag behind these expectations, Kenya Revenue Authority should see this as an opportunity to reach taxpayers via their daily technology touchpoints such as social media and mobile phones.

#### 2.7 Enterprise-wide National Taxpayer Segmentation

In the new world economy, rapid technological advances are requiring organizations to innovate rapidly, and tax authorities have a lot to gain or lose from these changes. Successful tax authorities make decisions based on their unique situation to provide high-quality citizen services, improve revenue collection, and deliver operational excellence—but all face similar forces. Currently, KRA's approach to service follows a traditional model. Our services are delivered through a direct cascade of the traditional tax lines which alienates a vast majority of potential new taxpayers due to the linear distribution of the broad service-line categories.

For KRA to deliver personalised services and compliance approaches (i.e. outreach, education, service and enforcement), that meet the needs of taxpayer, to shape their compliance behaviour, there must be Enterprise-wide National Taxpayer Segmentation (ENTS), the realisation of which, will create a new state of awareness and intelligence by the revenue authority. (expounded in Chapter XX).

For the Enterprise-wide National Taxpayer Segmentation to occur, this strategy sets out the framework that will enable Customer Experience teams to begin taxpayer clustering for a future firmographic state. The future state (Figure XX), will enable us to use complex tools that will allow us easy access to comprehensive databases that will create indepth and insightful analyses. ENTS will enable KRA to uncover data trends and insights, leverage advanced visualization tools, extract data and rapidly validate, and close gaps between dirty data series, and streamline our workflow.

# 3.0 Segmentation guide

Methodology & approach

Future state canvas

Where we are

Journey States

Taxpayer profiling

2019 TAXPAYER  
2023 MAPPING

## SEGMENTATION & SIZING - ENTS

### 3.1 ENTERPRISE-WIDE NATIONAL TAXPAYER SEGMENTATION (ENTS)

Central to Taxbase Expansion, is the ability to acquire intelligence through data and analysis, enabling us to develop an intimate level of knowledge of taxpayers, ensuring we develop a targeted and effective data analytics and insights capability, which we see as KRA's future state. A better knowledge of our taxpayer, shall enable KRA to design services and systems that are relevant and reliable, clearly aligned to both taxpayer and business needs, while innovating with the changing global environment.

For the TMS and other strategies to achieve long-term success, we have developed this Yield Segmentation Guide that will enable KRA conduct an Enterprise-wide National Taxpayer Segmentation (ENTS), to achieve a firmographic state. This future state will be achieved through deep personalization — a modern engagement method with an agile data cross-referencing system that will unify taxpayer data scattered across a myriad of systems, both clean and dirty data, old and new customer touchpoints from past interactions, experiences, transactions, and other Third Party Data Sources, to help power KRA's route-to-market.

Once in market, we shall not cluster large taxpayer groups into broad categories because despite having similarities, the same taxpayers will be fundamentally different, from their needs, capabilities, economics and psychographic characteristics. Ultimately, the most attractive taxpayer to KRA, will be one that has the greatest gap between their needs and our ability to meet them.

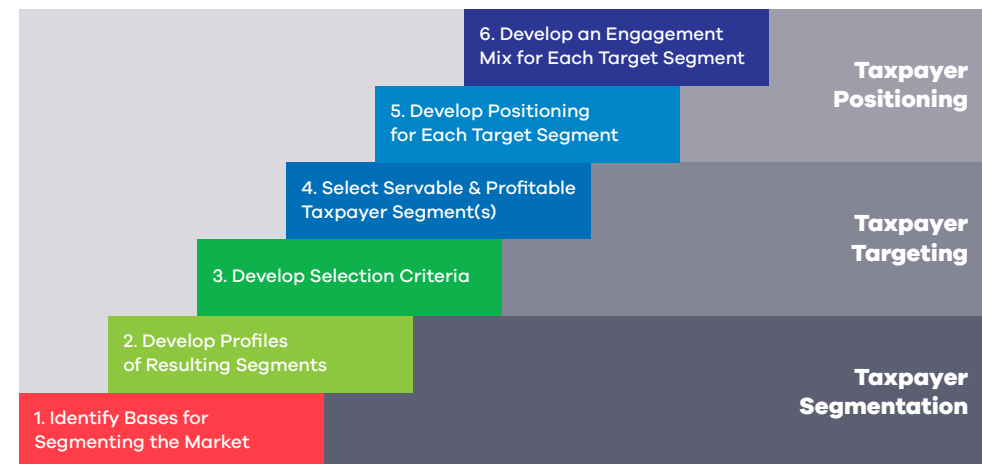


Figure 6: Steps in Segmentation, Targeting and Positioning

**3.2 SEGMENTATION 'FUTURE STATE' APPROACH**

Our approach to achieving this 'future state', starts with a deliberate segmentation and sizing opportunity that should result in deeper firmographic insights.

Ultimately, enhancement of our current segments will help us achieve a higher level of intelligence to enable us leverage on these innovations. We are segmenting customers by type and size, and customising our taxpayer services based on their characteristics such as — behaviours, capabilities and the level of risk. In a post-TMS environment, KRA shall reorganise it's operations around four clear taxpayer groupings (see overleaf).

Figure 8: Segmentation 'Future State' Approach



Where we are : Future State

Where we want to be: Future State

**3.3 SEGMENTATION AND SIZING – METHODOLOGY**

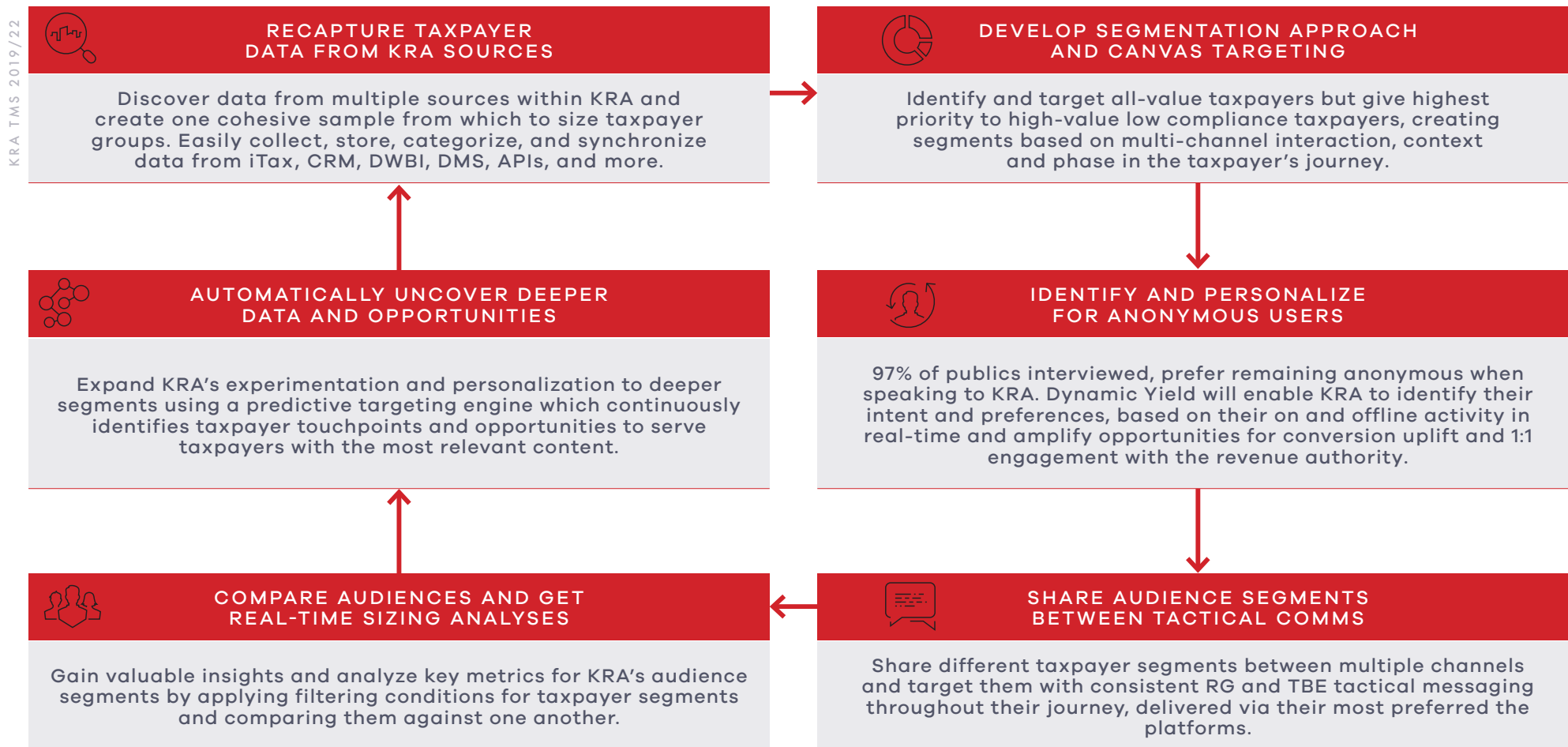


Figure 7: Segmentation & Sizing Methodology

Illustration: Edwin Mwenda

**3.4 SEGMENTATION PILLARS – WHERE WE ARE**

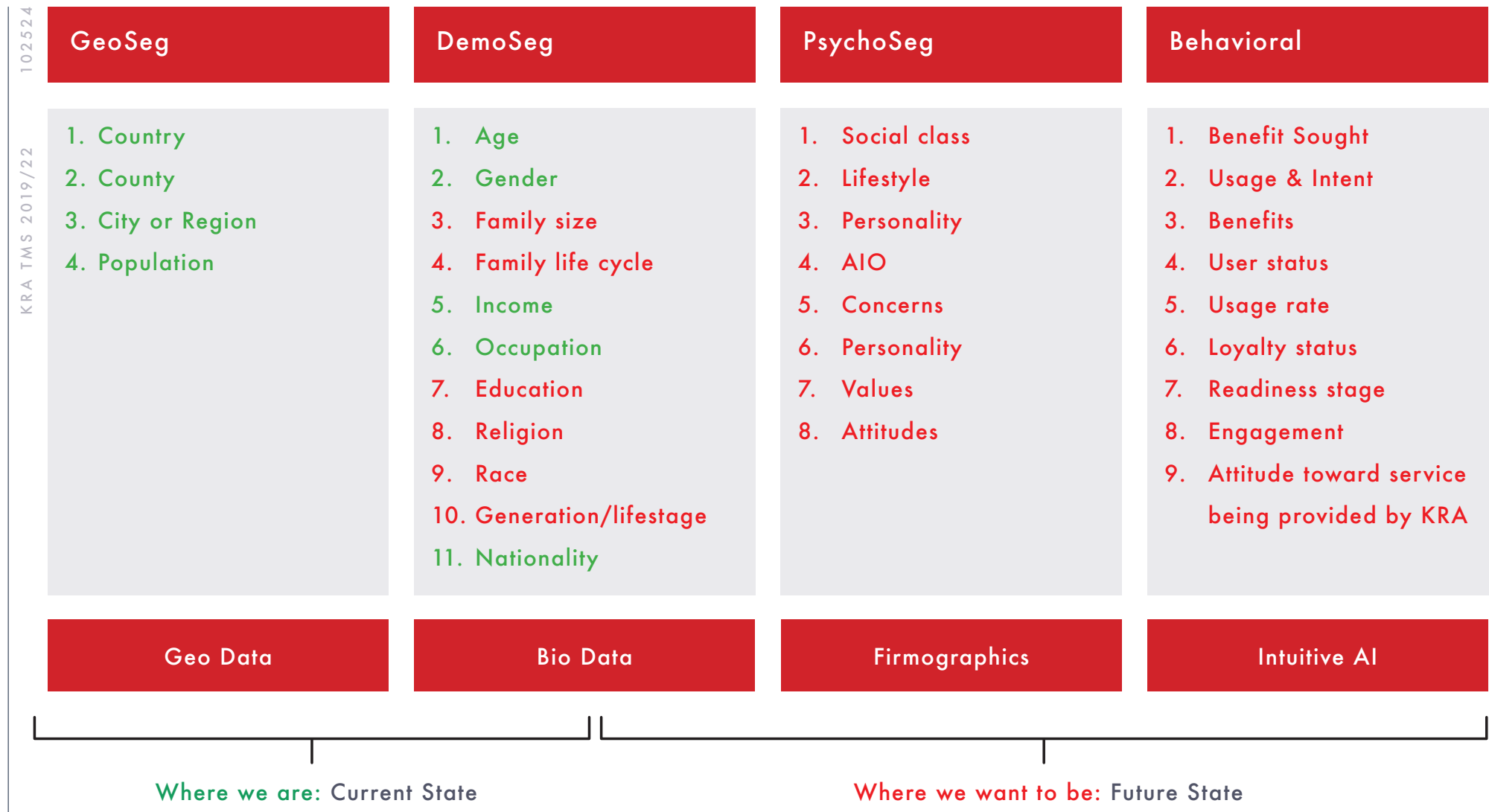


Figure 9: Taxpayer Journey States

Illustration: Edwin Mwenda

### 3.5 TAXPAYER MAPPING STRATEGY FIRMOGRAPHICS

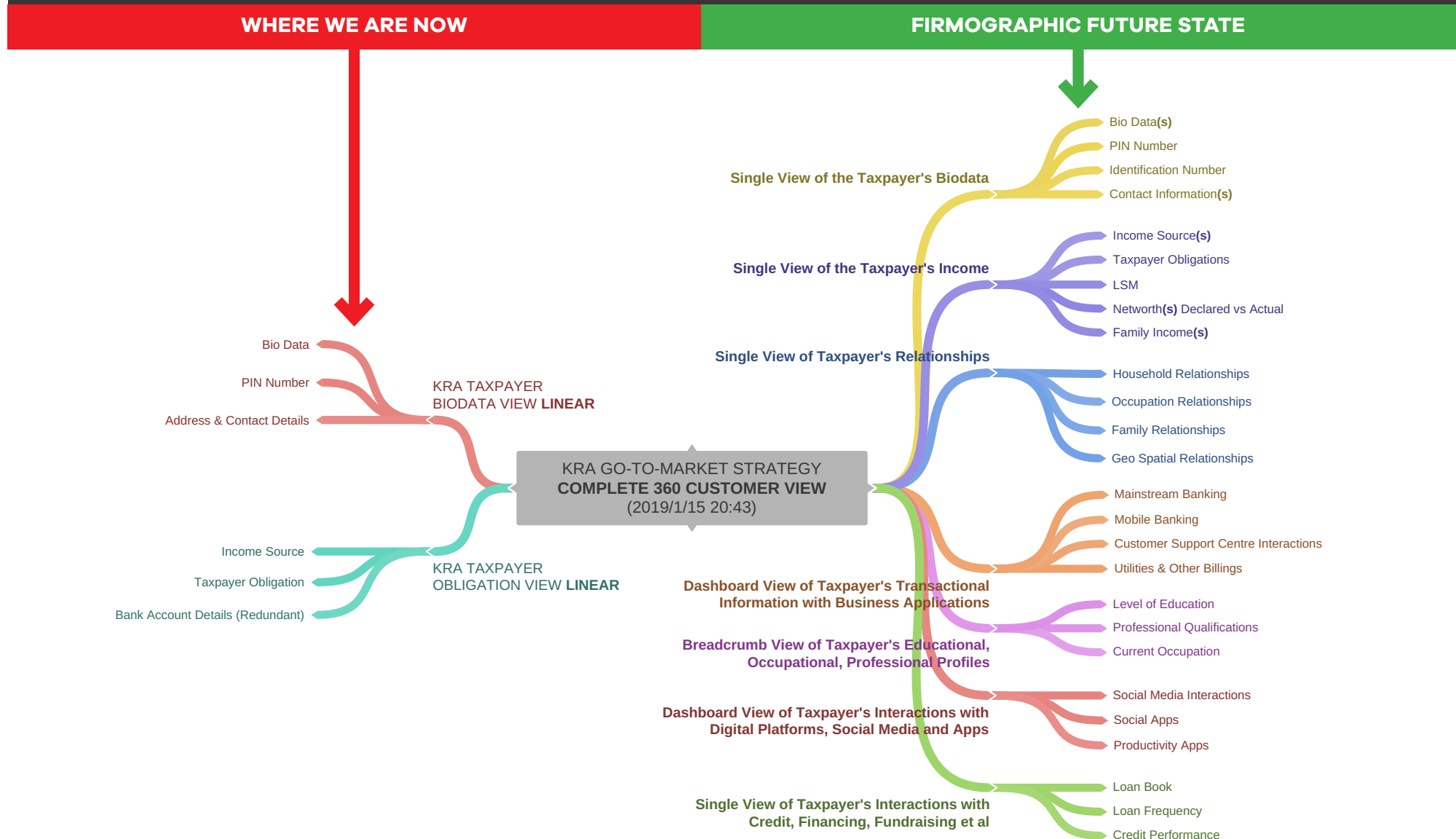


Figure 10: Segmentation Pillars

### 3.6 TWO & FOUR-DIMENSIONAL TAXPAYER VIEW

Our approach to achieving this 'future state', starts with a deliberate segment sizing that will result in deeper taxpayer journey states and firmographic insights.

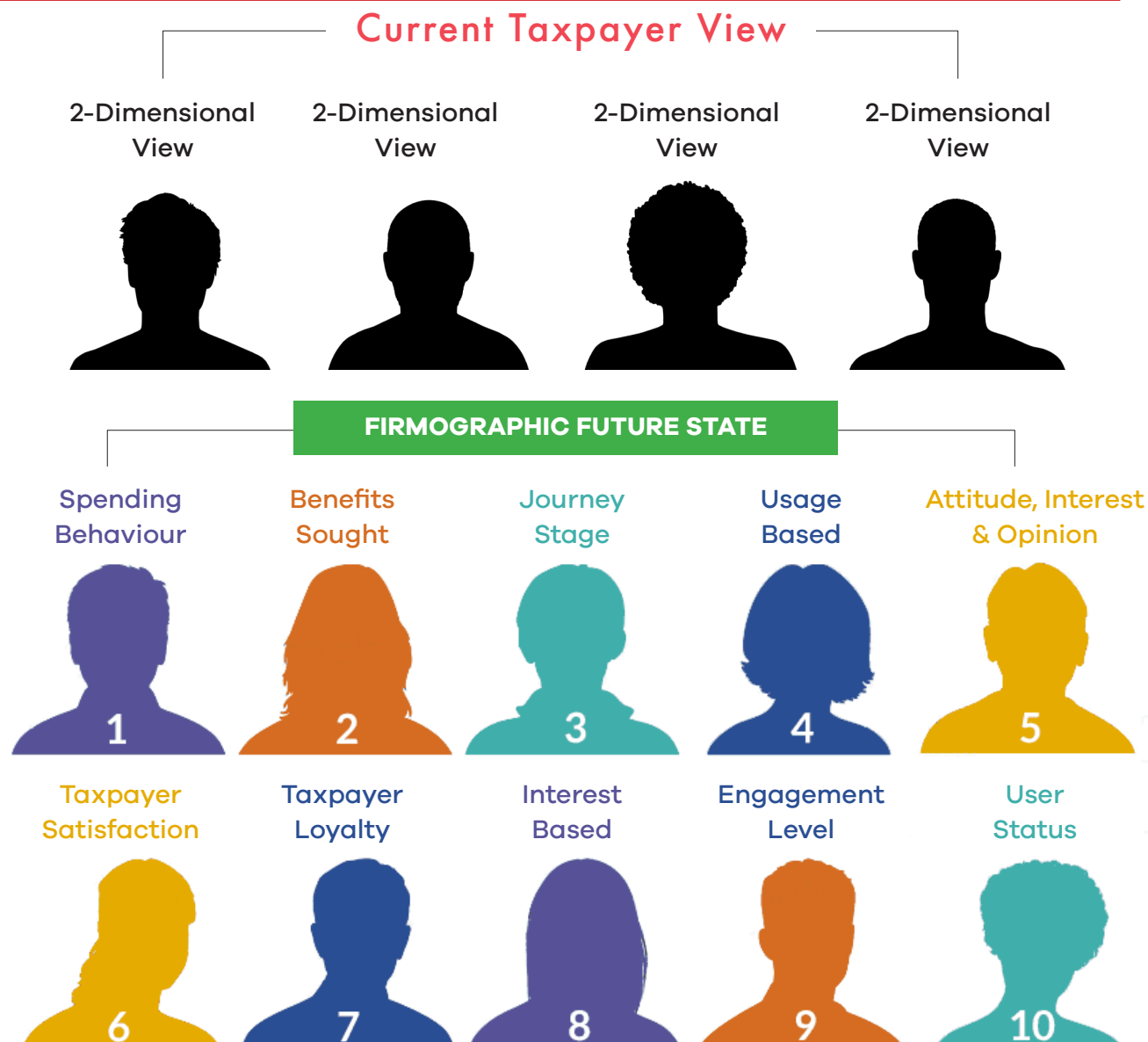


Figure 8: Segmentation 'Future State' Approach

### 3.6 TAXPAYER PROFILING — WHERE WE ARE

Allan Nyakundi A002994665P - A PIN	Timeline	Frequency	Total Cost to engage (KES)
<p>Segment: Individual</p> <p>Status: Non-compliant</p> <p>Visibility: Registered, non-active</p> <p>T-History: Nil Filing</p> <p>Income Annual: 1,000,000 - 10,000,000</p> <p>Age: 63</p> <p>Gender: M</p> <p>Occupation: Auditor</p> <p>Education: B.Sc. / M.Sc.</p> <p>Religion: Christian</p> <p>Race: African (Black)</p> <p>Nationality: Kenyan (Natural)</p> <p>County: Kirinyaga</p>	<p>iTAX AND OTHER IN-HOUSE DATA SOURCES</p>		
<p>Example: Segment Tier 2A;</p>			
<p>Sample Collected Revenue:</p>	<p>Business Case</p>		KES 210,114,667,005

Figure 11: Dashboard: Current Taxpayer Profiling

### 3.7 TAXPAYER PROFILING — WHERE WE WANT TO BE (INTUITIVE AI)

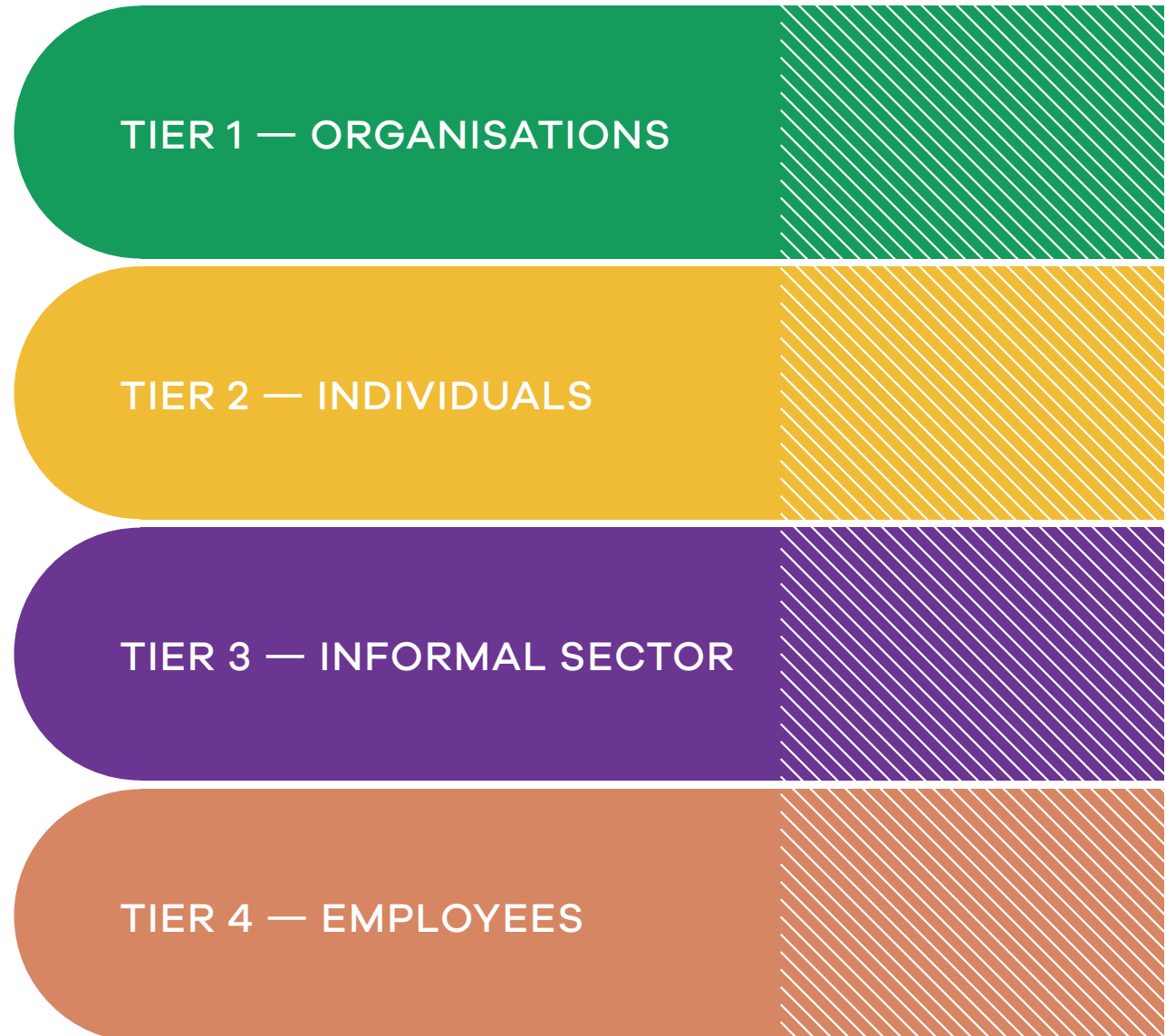
Allan Nyakundi A002994665P - A PIN		Timeline	Frequency	Total Cost to engage (KES)
<b>Segment:</b> Individual	<b>Country O.R.:</b> Dubai	<b>iTAX AND OTHER IN-HOUSE DATA SOURCES INCORPORATING THIRD PARTY DATA SOURCES (TPDS)</b>  KNBS CAK MNOs Professional Organisations Posta NSSF KPLC CBK CRB CBC Survey of Kenya County NIS NPS ODPP EACC Registrar of Companies Registrar of Persions - Sheria House Immigration (IPRS System) DCI Drone Mapping FMCGs e.g. Bidco, Unilever Ministry of ICT		
<b>Status:</b> Non-compliant	<b>City/Town O.R.:</b>			
<b>Visibility:</b> Registered, non-active	<b>Population:</b>			
<b>T-History:</b> Nil Filing	<b>Area Density:</b>			
<b>Income Annual:</b>	<b>Climate:</b>			
<b>Declared;</b> 1,000,000 - 10,000,000	<b>Language(s):</b>			
<b>Intuitive;</b> 20,000,000 - 43,000,000	<b>Social class</b>			
<b>Expense Annual:</b>	<b>Lifestyle:</b> Core Urban			
<b>Declared;</b> 8,000,000 - 11,000,000	Tertiary Urban			
<b>Intuitive;</b> 23,000,000 - 61,000,000	Sub-Urban			
<b>Obligations:</b>	Contemporary Urban			
<b>Loanbook;</b> 66,887,987	Alternative Urban			
<b>Trans.Hist;</b> 442,000,433	Organic Urban			
<b>Category:</b> TIER 2A (HNWI)	Classic Urban			
<b>Age:</b> 63	<b>Personality:</b>			
<b>Gender:</b> M	<b>AIO:</b>			
<b>Family Assc.:</b> 4	<b>Concerns:</b>			
<b>Life cycle:</b> Self actualisation	<b>Personality:</b>			
<b>Occupation:</b> Auditor	<b>Values:</b>			
<b>Operation:</b> Private Sector-Construction	<b>Attitudes:</b>			
<b>Education:</b> B.Sc. / M.Sc.	<b>Benefit Sought:</b>			
<b>Religion:</b> Christian	<b>Usage &amp; Intent:</b>			
<b>Race:</b> African (Black)	<b>User status:</b>			
<b>Generation:</b> Y	<b>Usage rate:</b>			
<b>Lifestage:</b> Retired-Active	<b>Loyalty status:</b>			
<b>Nationality:</b> Kenyan (Natural)	<b>Readiness stage:</b>			
<b>County:</b> Kirinyaga	<b>Engagement:</b>			
	<b>Attitude toward service being provided by KRA:</b>			
<b>Example: Segment Tier 2A;</b>		<b>203,110</b>		
		<b>Business Case</b>		
<b>Sample Potential Yield Revenue:</b>		<b>KES 1,600,927,013,612</b>		

Figure 11: Dashboard - 360 Degree Taxpayer Profiling Sample

### 3.8 SEGMENTATION — PROPOSED TAXPAYER RE-CLASSIFICATION

Figure 13: Taxpayer Re-classification

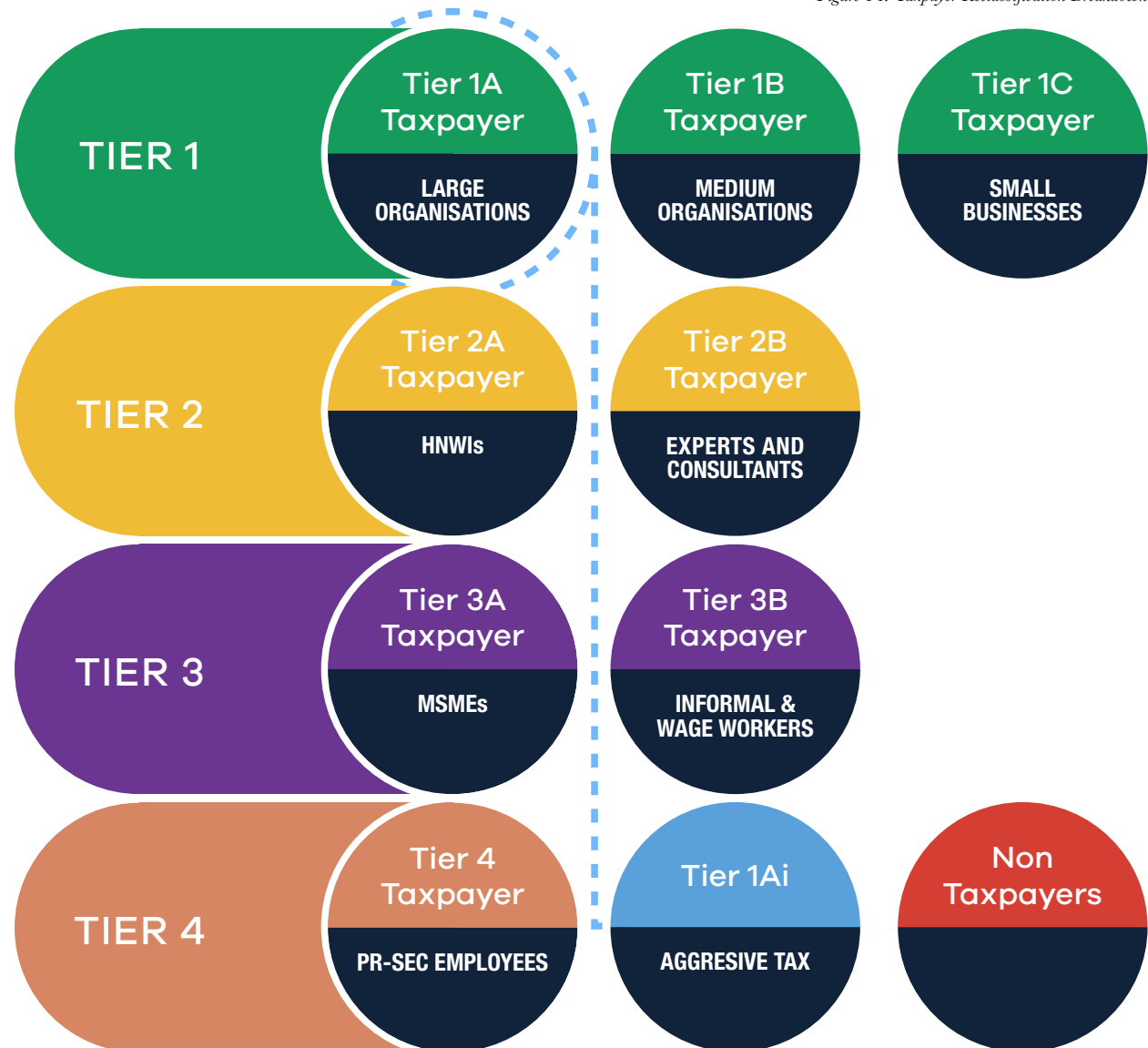
Based on our analysis of the existing taxpayer data, we have developed Four Taxpayer Tiers. With firmographics, these taxpayer groups will be further broken down into addressable segments.



**3.8.1 SEGMENTATION – TAXPAYER RE-CLASSIFICATION BREAKDOWN**

Figure 14: Taxpayer Reclassification Breakdown

With firmographics, these taxpayer groups will be further broken down into addressable segments



**3.8.2 SEGMENTATION – TAXPAYER RE-CLASSIFICATION CATEGORY EXTRAPOLATION - EXAMPLE TIER 1A**

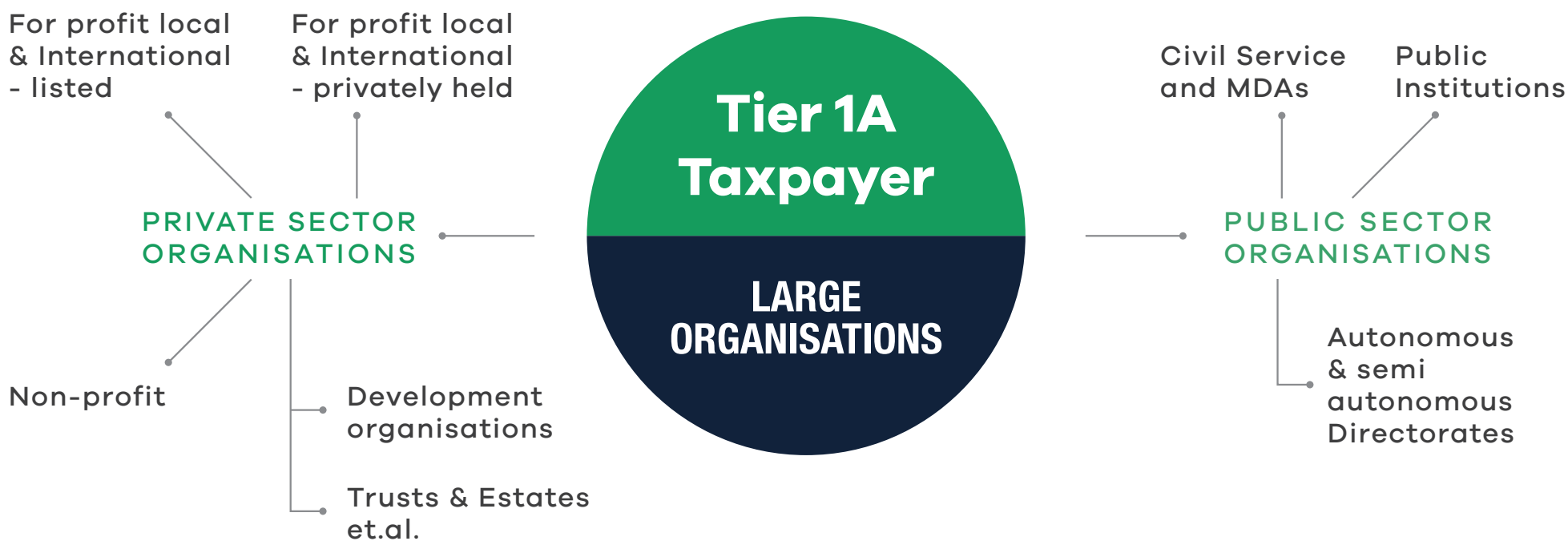


Figure 15: Taxpayer Re-classification Extrapolation Tier 1A

**3.8.3 SEGMENTATION – TAXPAYER RE-CLASSIFICATION CATEGORY EXTRAPOLATION - EXAMPLE TIER 2B**


Figure 16: Taxpayer Re-classification Extrapolation Tier 2B

**3.8.4 SEGMENTATION – TAXPAYER RE-CLASSIFICATION CATEGORY EXTRAPOLATION - EXAMPLE TIER 3A**

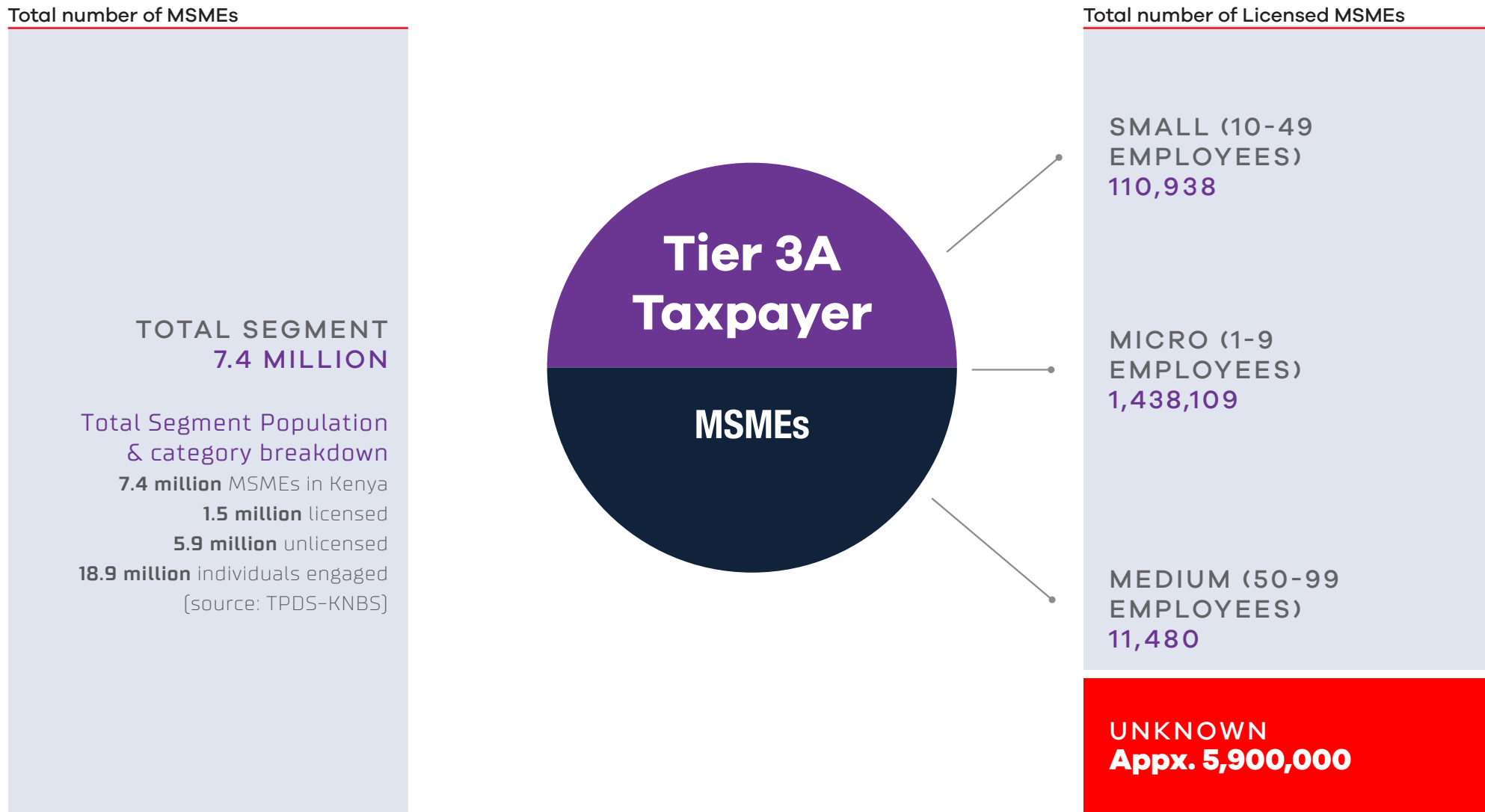
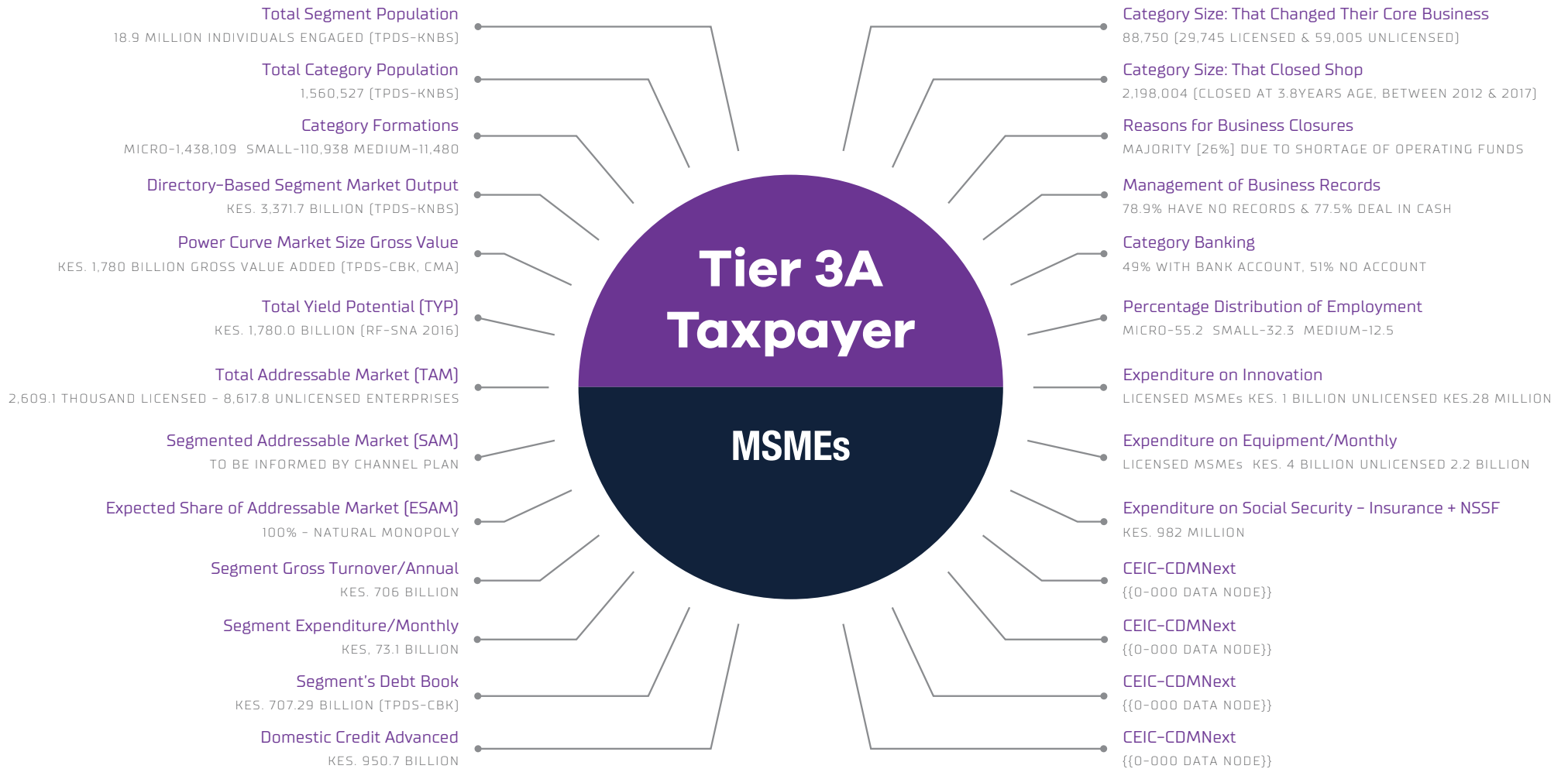


Figure 17: Taxpayer Re-classification Extrapolation Tier 3A

**3.8.5 EXAMPLE TIER 3A: SEGMENTATION – MULTI-COMPONENT GRANULAR ANALYSES OF TIER SUB-CATEGORIES**

Figure 18: Taxpayer Re-classification Granular Multi-components



FORMULA	TARGET SAMPLE SIZE	TARGETING	MODE	KEY VARIABLES
(# of Opportunities) x (% Targetable Opportunities) x (Average cost of Opportunities) Weighting adjusted to cater for nonresponses	14,000 households dataset sample & 50,043 licensed establishments	Targeting - MSME Potential Taxpayers (both licensed & unlicensed)	A fixed quota based panel, single source. Data period - Monthly	Key analysis variables required to achieve future collection of firmographics applied both STATA and SPSS

## 4.0

# Taxpayer Mapping Strategy

## Strategy Outline

Aspirations / Principles / Priorities / Outcomes

## Strategic Matrix

Objectives / Initiatives / Activities / Responsible

## Strategic Mechanics

Goals / Mechanics / Service Line Impacted / Tools

2019 TAXPAYER  
2023 MAPPING

## 4.1 OVERVIEW

Kenya Revenue Authority's purpose is to contribute to the economic and social wellbeing of Kenyans by fostering willing participation in remittance of taxes. We aim to build community confidence by sustainably reducing the tax gap and providing the government with the requisite resources to run its programmes. This chapter covers the strategic intent of KRA which includes the **Vision, Mission, Motto, Core Values, Strategic Aspirations, Principles, Priorities, Objectives, Outcomes** and **Initiatives**.

### VISION

A Globally Trusted Revenue Agency Facilitating Tax and Customs Compliance

### MISSION

Building Trust through Facilitation so as to foster Compliance with Tax and Customs Legislation

### VALUES

#### Trustworthy

We interact with others in a way that gives them confidence in our intentions and those of the organization.

#### Ethical

We act with integrity, transparency & honesty in everything we do.

#### Competent

We possess functional, technical knowledge and skills that ensure efficiency in the delivery of our services to our customers.

#### Helpful

We respond to and anticipate client needs in a timely, professional and courteous manner.

## 4.2 TMS OUTLINE



### 1. Strategic Aspirations:

**What we aspire to be, we become:** We aspire to become an organisation with a high-performing, responsive and professional workforce, with the right capacity and culture to deliver a trusted and reliable taxpayer experience—now and in the future.



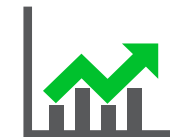
### 2. Strategic Principles:

**We have 5 strategic principles** to help us ensure we can deliver on the priorities set out in our strategy. We apply these principles to our core taxpayer services, the compliance framework, as well as enforcement activities (see overleaf).



### 3. Strategic Priorities:

**This strategy outlines 4 strategic priorities** namely: To crystallise & enhance our taxpayer segments, To streamline our interactions with the taxpayer into data-driven engagement, facilitation & accelerated enforcement, and To nurture beneficial stakeholder relations.



### 4. Strategic Outcomes:

**The 3 core outcomes of the TMS are:** Increased voluntary compliance, Ease & fairness of engaging and transacting with Kenya Revenue Authority and an enhanced cost effective, efficient end-to-end revenue operation.

Figure 19: TMS Strategic Outline

## 4.2.1 STRATEGIC ASPIRATIONS

**What we aspire to be, we become:** We aspire to be an organisation with a high-performing, responsive and professional workforce with the right capacity and culture, to deliver a trusted and reliable taxpayer experience – now and in the future.



Figure 20: Aspirations & Overarching Outcome


## 4.2.2 STRATEGIC PRINCIPLES

**Kenya Revenue Authority's capabilities are derived from a combination of our people, culture, governance principles, processes, systems and knowledge.** By having strong strategic principles, we ensure we can deliver on the priorities set out in our strategy, preparing us for the challenges and opportunities in our environment.




Figure 21: TMS Strategic Principles


## STRATEGIC PRINCIPLES – *continued*

Principle	What it means
<b>CONVENIENCE</b> 	<p><b>KRA will collect taxes in a manner that encourages voluntary compliance</b> by providing the quickest access of taxpayer information as well as the easiest, simplest and safest way to pay their taxes. Tax assessment and determination should be easy to understand by any taxpayer. We will continue enhancing our systems, products and processes around customers, to make it as easy as possible for them to transact with us.</p>
<b>CUSTOMER FRIENDLY</b>	
<b>EFFICIENCY</b>	
<b>MANDATORY</b>	
<b>EQUITABLE</b>	

## STRATEGIC PRINCIPLES – *continued*

Principle	What it means
CONVENIENCE	<p><b>KRA shall understand taxpayers intimately through data and insight, so we can better tailor and target our support to them.</b> We will integrate our systems and processes around customers, to make it as easy as possible for them to interact with us. Our tax systems must integrate with third parties and other publicly accessible software, apps and tools. Our modus operandi will be that of a modern corporate business.</p>
<b>CUSTOMER FRIENDLY</b> 	
EFFICIENCY	
MANDATORY	
EQUITABLE	

## STRATEGIC PRINCIPLES – *continued*

Principle	What it means
CONVENIENCE	<p><b>Kenyan tax collection efforts must not cost an unreasonably high ratio of those same tax revenues.</b> We shall use digital services and smart data to work more efficiently, driving down the cost of KRA's operations to the advantage of both the taxpayer and the exchequer.</p>
CUSTOMER FRIENDLY	
EFFICIENCY	
	
MANDATORY	
EQUITABLE	

## STRATEGIC PRINCIPLES – *continued*

Principle	What it means
<b>CONVENIENCE</b>	<b>Spending of Kenyan Taxes shall be proportionate and even-handed, rolling out our resources in a fair and targeted way to ensure no one is out of reach.</b>
<b>CUSTOMER FRIENDLY</b>	<p><u>Our Tax collections shall;</u></p> <ul style="list-style-type: none"> <li>• Spread across the entire spectrum of the population and all sectors of economy, to minimize skewed tax burden.</li> </ul>
<b>EFFICIENCY</b>	<ul style="list-style-type: none"> <li>• Equally burden all taxpayers and entities in all economic circumstances.</li> <li>• Not favor any one person or entity over another.</li> <li>• Not be designed to interfere with or influence individual decision making.</li> </ul>
<b>MANDATORY</b>	<ul style="list-style-type: none"> <li>• Make exemptions only for beneficial purposes such as; ‘To encourage investment’ and shall be applicable for a limited period of time to avoid abuse.</li> </ul>
<b>EQUITABLE</b>	<ul style="list-style-type: none"> <li>• Be aggressively enforced for tax criminals who fail to adhere to our facilitation efforts, to the highest and most punitive degree without fear or favour.</li> </ul>

## STRATEGIC PRINCIPLES – *continued*

Principle	What it means
CONVENIENCE	<p>Kenya Revenue Authority, shall maintain a program of Engagement, Education, Activation and Sustenance, to reinforce and emphasise the mandatory nature, inevitability and regularity of Taxation, in order to <b>embed the tax concept as a norm in our society</b>. We propose that Taxation be embedded in all levels of our educational curriculums for all Kenyans to internalize the practice and lower future costs of compliance efforts by deterring future defaulters.</p>
CUSTOMER FRIENDLY	
EFFICIENCY	
MANDATORY	
EQUITABLE	



### 4.2.3 STRATEGIC PRIORITIES

## Taxpayer engagement in a post-TMS environment will focus on facilitation through Experience Management, Data Management, Analytics, and Omnichannel Tactical Outreach.

Based on this understanding, we developed 4 strategic priorities for this Taxpayer Mapping Strategy, that will help KRA to enhance taxpayer engagement, promote voluntary compliance, aid tax-base expansion and retention, and intensify enforcement activities.

**The first strategic priority of the Taxpayer Mapping Strategy is to crystalise and enhance taxpayer segments and personas.** We shall approach this by performing a high level SCOT to understand the current state, and there after conduct continuous intelligence-driven taxpayer segmentation, that will enable KRA to tailor a future state of 360-degree Customer View.

**The second priority will be to streamline our interactions with the taxpayer into data-driven engagement with greater emphasis on facilitation.** This aspect will serve the compliant taxpayers who need help and support to achieve full compliance, while escalative, measured enforcement communications will be employed for tax eva depending on their compliance journey state. Aggressive enforcement shall be prescribed for criminals.

**Thirdly, we shall embark on enhancing staff capabilities into a high performing, responsive and professional workforce with the right culture to deliver now and for the future.** This will be done by reskilling and retooling staff towards a more highly-skilled and sustainable workforce through more relevant training and development.

**Fourthly, we shall prioritise strategically purposeful, functional and beneficial stakeholder relationships anchored on consultation and greater intelligence sharing,** which will culminate into collection, clean-up, validation and population of firmographics from third party data sources, where appropriate, and build this intelligence into our systems and processes to support our aims and objectives.

#### **BY FOCUSING ON THESE STRATEGIC PRIORITIES, WE EXPECT TO ATTAIN:**

1. 10% increased in voluntary compliance to 75% by 2021 {{65%}}
2. 15% VAT/GDP ratio by 2023 {{9%}}
3. 6million minimum active taxpayer base by 2023 {{3.94million}}
4. 90% full electronic customer service by 2023 {{83%}}
5. Re-classified segmentation framework for firmographic future state by 2021

### 4.2.3 STRATEGIC PRIORITIES

#### Existing Taxpayers Segmentation Enhancement

Re-classification of taxpayers based on factors that will help us tailor our services according to their needs, behaviours, capabilities and the level of risk.

**1.**

#### Data-driven taxpayer facilitation & robust enforcement

Enhancing voluntary compliance by integrating realtime intelligence into our systems and processes, for ease, convenience, efficiency & robust enforcement.

**2.**

#### Enhanced staff capabilities through organisational health

Put in place the right people in the rightful roles, doing the right work, with the right skills, using the right tools and continuously enhance their capabilities.

**3.**

#### Purposeful, functional & beneficial stakeholder relationships

Cultivate, grow and nurture lasting stakeholder relationships with greater emphasis on those that directly enhance our Intelligence capabilities.

**4.**

Figure 22: TMS Model - Strategic Priorities

### 4.3 STRATEGIC MODEL

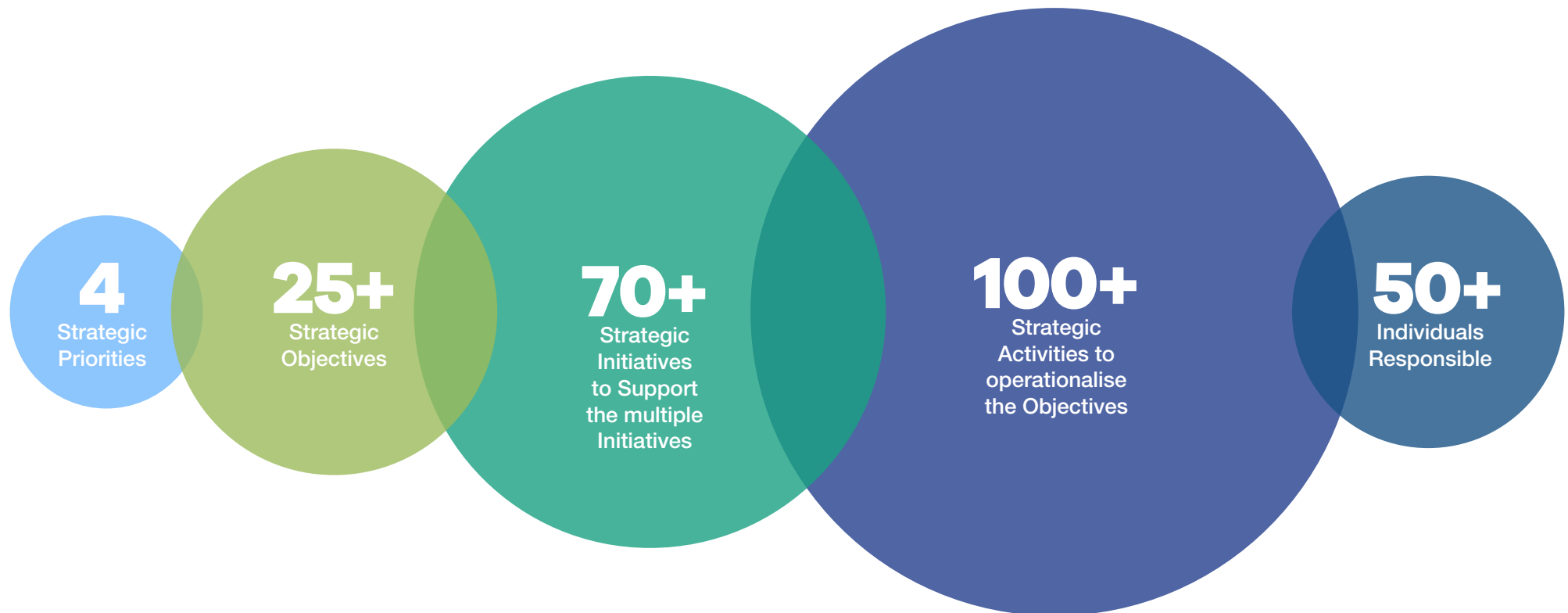


Figure 23: Our Strategy in Numbers

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 1

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
<b>SP 1. EXISTING TAXPAYERS SEGMENTATION ENHANCEMENT</b>	<b>1.1</b> To identify taxpayer journey states by segment, identify needs for addressable market for engagement and education opportunities.	<b>1.1.1 Unaware Taxpayer</b> Public Awareness Campaigns	<ol style="list-style-type: none"> <li>1. Cross-media digital drip marketing campaigns</li> <li>2. Cult viral branding</li> <li>3. Integrated Marketing communication strategy for DTD- Thematic TVC spot - 18months</li> <li>4. Integrated Marketing communication strategy for C&amp;BC</li> <li>5. Digital calendar for IMC for DTD and C&amp;BC</li> <li>6. Ushuru Mashinani Programme</li> <li>7. Media Campaigns</li> </ol>	<b>Owner: C-C&amp;BC, C-DTD</b> Support: M&C-TED
		<b>1.1.2 Taxpayer who Needs Help Upstream</b> Interventions via education and guidance	<ol style="list-style-type: none"> <li>8. Tax guide communication material- Minute how-to videos with cut-downs</li> <li>9. Digital calendar Tax guide communication</li> <li>10. Minute how-to videos with cut-downs</li> <li>11. Push SMS chat campaigns</li> <li>12. Ushuru Mashinani Programme</li> <li>13. Media Campaigns</li> <li>14. Diversity marketing</li> </ol>	<b>Owner: C-DTD</b> Support: M&C-TED, M&C-CX

Table 3: Strategy Matrix

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 2

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
		<b>1.1.3 Willing and Able Taxpayer</b> Campaigns and education	15. A well disseminated Series infomercial with cut-downs on transactional processes such as filing and paying 16. Inbound marketing 17. Ideology marketing 18. Transactional campaigns 19. Relationship marketing 20. Prompt campaigns 21. Compliance communication plan	<b>Owner: C-DTD</b> Support: M&C-CX, M&C-PR
		<b>1.1.4 Potential Rule-Breakers</b> Mitigation Communications	22. All-year round pre-emptive CTA marketing & digital breadcrumb alerts 23. Alliance marketing with TPDS 24. Litigation PR plan 25. Enforcement Education	<b>Owner: C-I&amp;E, C-ISO, C-DTD</b> Support: M&C-PR
		<b>1.1.5 Boundary Pushers</b> Escalation Campaigns	26. Litigation PR plan and Compliance communication plan 27. E-mail prompts 28. SMS and mail prompts 29. Cautionary comms & statements	<b>Owner: C-ISO, C-DTD</b> Support: M&C-PR
		<b>1.1.6 Rule Breakers</b> Enforcement Notices	30. Litigation PR plan 31. Call probing 32. Advance notices 33. Cautionary adverts & statements	<b>Owner: C-I&amp;E, C-ISO</b> Support: C-DTD, M&C-PR

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 3

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
<b>SP 1.</b> <b>EXISTING TAXPAYERS SEGMENTATION ENHANCEMENT</b>	<b>1.2</b> To unveil the current taxpayer	<b>1.2.1 Segment Analysis</b> - classify segment markers <b>1.2.2 Segment Prioritization</b> - Cluster opportunities based on Yield <b>1.2.3 Taxpayer Problem Hypothesis</b>	34. Potential addressable TP market mapping 35. Available addressable TP market mapping 36. Expected share of available addressable market mapping 37. Communication campaign on new taxpayer 38. Launch of new taxpayer (single view) 39. Website enhancement	<b>Owner: C-DTD,</b> Support: M&C-CXM&C-CX  <u>Proposed TPDS Partners:</u> Segmentation Consultant (ENTS) KARF (Sampling) KNBS (Plug Raw Data) Consultant (M&E)
	<b>1.3</b> To develop firmographic database consolidation framework for individuals	<b>1.3.1 Conduct Yield Segmentation for Individual Taxpayers:</b> <ol style="list-style-type: none"> <li>Level of education</li> <li>Current occupation</li> <li>Professional qualification</li> <li>Mainstream banking</li> <li>Mobile banking</li> <li>Income source/s</li> <li>LSM/AIO</li> </ol>	40. Size 12,000 clusters with around 10,000 Households Tiers 3-5. 41. Customer segmentation and profiling study.	<b>Owner: C-DTD</b> Support: M&C-CX  <u>Proposed TPDS Partners:</u> Segmentation Consultant (ENTS) KARF (Sampling) KNBS (Plug Raw Data) Consultant (M&E)
	<b>1.4</b> To develop firmographic database consolidation framework for corporates	<b>1.4.1 Conduct Yield Segmentation for Corporate Taxpayers:</b> <ol style="list-style-type: none"> <li>Market Capitalisation</li> <li>Valuation and ICB</li> <li>Yield</li> <li>Organisational Culture</li> <li>Tax planning practices</li> </ol>	42. Size 12,000 clusters with around 2,000 Tiers 1-3. 43. Customer segmentation and profiling study.	<b>Owner: C-DTD,</b> Support: M&C-CXM&C-CX  <u>Proposed TPDS Partners:</u> Segmentation Consultant (ENTS) KARF (Sampling) KNBS (Plug Raw Data) Consultant (M&E)

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 4

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
	<b>1.5</b> To develop a basing technique for data integration	<b>1.5.1 Discover and integrate trusted third party databases:</b> Proprietary, industry single sourced or industry fixed fusion multibasing for insights to thousands of consumer and media data sets.	44. Draft and publish a TPDS Stakeholder engagement blueprint. 45. Draft TDPS MoUs 46. Develop policy proposals for raw data sharing legislation for Business to lobby legislative bodies.	<b>Owner: C-LSBC</b> Support: M&C-CX, M&C-SEEM  <u>Proposed Partners:</u> Parliamentary Service Commission, Law Society of Kenya, KEPSA

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 5

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
<b>SP 1.</b> <b>EXISTING TAXPAYERS SEGMENTATION ENHANCEMENT</b>	<b>1.6</b> To improve taxpayer experience.	<b>1.6.1</b> Design resonating personalised communications and engagement <b>1.6.2</b> Focus service efforts on taxpayers that are a better fit with programmes that are most achievable in the short term but with the highest yield. <b>1.6.3</b> Map third party data sources partners to operationalise key taxpayer experience activities. <b>1.6.4</b> Review and implement the rollout processes to ensure clear timelines and responsibilities. <b>1.6.5</b> Automate key processes to enhance efficiency e.g. case management for higher yield taxpayers <b>1.6.6</b> Enhance remote monitoring and evaluation on routine activities such as Filing and TPM. <b>1.6.7</b> Operationalise data-driven facilitation, enforcement and prosecution (eliminate guesswork). <b>1.6.8</b> Implement the decentralization strategy to enhance aggressive enforcement and prosecution. <b>1.6.9</b> Operationalize a crowd-based evasion reporting, notification and whistleblower reward system.	47. Assign personalised channels and device (write) content by delivery. 48. Device daily/weekly reporting from the CRM to observe case interactions and trends. 49. Based on case management above, tweak, realign and prioritise higher yield taxpayer programs. 50. Identify and subscribe to automated Yield Assessment tools. 51. RSDM campaign.	<b>Owner: C-SIRM</b> Support: M&C-CXM&C-CX, M&C PR

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 6

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
<b>SP 1.</b> <b>EXISTING TAXPAYERS SEGMENTATION ENHANCEMENT</b>	<b>1.7</b> To develop a mechanism for continuous intelligence/information gathering.	<b>1.7.2</b> Develop partnerships with complementary state agencies to collaborate on intelligence gathering and analysis.	52. Input and analyze personalized survey data using proprietary tools to help identify new audiences and lucrative taxpayer opportunities. 53. Collaboratively develop a digital inter-agency intelligence sharing and management system. 54. Strengthen research and data analysis capacity by integrating applications to remote devices such as data collection pads and drones. 55. Digitize case-related documents to facilitate remote and real-time access and enhance information security (back-up). 56. Develop and implement a nationwide taxpayer knowledge management policy and system to facilitate inter-departmental, TPDS and information sharing and learning across Ministries, Departments and Agencies.	<b>Owner: C-I&amp;E, C-ISO</b> Support: CDO, Research Department

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 7

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
<b>SP 2.</b> <b>DATA-DRIVEN TAXPAYER ENGAGEMENT, FACILITATION AND ENFORCEMENT</b>	<b>2.1</b> To integrate custom data with devices	<b>2.1.1</b> **Examine TP-GD data using custom statistical suites and integrate advanced realtime cluster correspondence and factor analysis modules.	57. Field activations in preparation of data collection operations. 58. Data capture, population and uploading.	<b>Owner:</b> Support: <u>Proposed Partners:</u>
	<b>2.2</b> To segregate audiences	<b>2.2.1</b> Uncover hidden insights by mining and segregating thousands of variables to identify new recommended audiences faster.	59. Field to be populated by Chief Managers.	<b>Owner:</b> Support: <u>Proposed Partners:</u>
	<b>2.3</b> To optimize channels for cost-cutting	<b>2.3.1</b> Optimize overall plan delivery metrics against omnichannel audience segments using cloud-based tools that can predict the success of combinations of media campaigns. <b>2.3.2</b> Media audience estimation through generation of comprehensive media plans with reach and frequency estimates for any medium, including TV, radio, internet, magazines, newspapers, social media, mobile and out of home.	60. Field to be populated by Chief Managers.	<b>Owner:</b> Support: <u>Proposed Partners:</u>
	<b>2.4</b> To aggregate datasets into sensible and actionable intelligence	<b>2.4.1</b> Analyses of the single cross tab analysis or schedule returned by the fusion of datasets to find new approaches, differentiators, or information that CX teams are not identifying when relying only on the dashboard view of a standard survey.	61. Field to be populated by Chief Managers.	<b>Owner:</b> Support: <u>Proposed Partners:</u>

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 8

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
<b>SP 2.</b> <b>DATA-DRIVEN TAXPAYER ENGAGEMENT, FACILITATION AND ENFORCEMENT</b>	<b>2.5</b> To enhance positive taxpayers' perception and attitudes towards tax.	<b>2.5.1</b> Establish a digital bot that will deliver trainings virtually. <b>2.5.2</b> Package and disseminate themed information to targeted taxpayers through online media. <b>2.5.3</b> Devise emotive compliance programmes through target-driven promotion for the public on the importance of paying tax. <b>2.5.4</b> Leverage media coverage of enforcement activities. <b>2.5.5</b> Proactive taxpayer perception engagement through social media platforms via segment-specific digital communications.	62. Implementation of chat bot/virtual assistant. 63. Ushuru Mashinani Programme 64. Digital content dissemination 65. Media programming	<b>Owner:</b> Support: M&C-CX <u>Proposed Partners:</u>
	<b>2.6</b> To develop a mechanism for continuous intelligence/information gathering.	<b>2.6.1</b> Develop a decentralization strategy to enhance soft enforcement activities. <b>2.6.2</b> Develop partnerships with complementary state agencies to collaborate on intelligence gathering and analysis. <b>2.6.3</b> Collaboratively develop a digital inter-agency intelligence sharing and management system. <b>2.6.4</b> Strengthen research and data analysis capacity. <b>2.6.5</b> Digitize case-related documents to facilitate remote and real-time access and enhance information security (back-up).	66. Increase uptake of KRA's services in Huduma Centres.	<b>Owner:</b> Support: M&C-CX <u>Proposed Partners:</u> ICT Ministry

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 9

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
<b>SP 3.</b> <b>ENHANCED STAFF CAPABILITIES THROUGH ORGANISATIONAL HEALTH</b>	<b>3.1</b> To build on the skills and expertise of our people.	<b>3.1.1</b> Absorb the organisation's performance management system with well-thought out rewards and sanctions specific to the TMS KPIs.  <b>3.1.2</b> Institute contract-based hiring for management positions and permanent positions for intelligence based roles.	<b>67.</b> Implementation of the Apprentice Framework: <ul style="list-style-type: none"> <li>▪ Tiered/ Skill set,</li> <li>▪ Supervisor training programmes,</li> <li>▪ Customer Service</li> <li>▪ Trainer of Trainer</li> </ul> <b>68.</b> Job Enrichment/ Enlargement/ Rotation Strategy in collaboration with HR & Business  <b>69.</b> Implementation of the Regional Supervisory and Monitoring Framework	<b>Owner:</b> Support: <u>Proposed Partners:</u>
	<b>3.2</b> Strengthen team cohesion and anchor the organization's behaviours on KRA's core values.	<b>3.2.1</b> Institute the embodiment of the organization's core values as part of the organization's recruitment policy and induction processes.  <b>3.2.2</b> Initiate an organization-wide cultural transformation program.  <b>3.2.3</b> Use team building and other organization-wide initiatives to reinforce the organization's core values.  <b>3.2.4</b> Develop leadership development aimed at fostering desirable behaviours within the current and future crop of leadership.  <b>3.2.5</b> Review staff welfare policies to attract and retain A-Players.  <b>3.2.6</b> Regularly review HR instruments to ensure compliance with relevant laws and issues e.g. diversity, gender etc.	<b>70.</b> Implement the rewards and recognition program as per the framework	<b>Owner: HR Lead</b> Support: M&C-CX <u>Proposed Partners:</u>

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 10

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
<b>SP 3.</b> <b>ENHANCED STAFF CAPABILITIES THROUGH ORGANISATIONAL HEALTH</b>	<b>3.3</b> To further strengthen KRA's core competencies.	<b>3.3.1</b> Contribute M&C skills gaps to the ongoing skills audit for inclusion and consideration.  <b>3.3.2</b> Institute coaching, mentorship and succession planning programs especially for emerging tech roles.	71. Implementation of the buddy programme and Individual Development Plan (IDP)  72. Coaching and mentorship	<b>Owner: HR Lead</b> Support: All Department Heads <u>Proposed Partners:</u>
	<b>3.4</b> To review the organization structure to improve post-TMS data capabilities, responsibility and accountability.	<b>3.4.2</b> Align and implement career plans with PSC/SCAC policies and other relevant policies.	73. Based on the ongoing HR Audit: <ul style="list-style-type: none"> <li>▪ Analyse what new skillsets are required in a post-data environment</li> <li>▪ Review the organization structure and develop more progressive capacity towards 'future-state' progression paths.</li> </ul>	<b>Owner: HR Lead</b> Support: All Department Heads <u>Proposed Partners:</u>
<b>SP 4.</b> <b>STRATEGICALLY PURPOSEFUL, FUNCTIONAL AND BENEFICIAL STAKEHOLDER RELATIONSHIPS</b>	<b>4.1</b> To attract better resource allocation from stakeholders.	<b>4.1.1</b> Enhance transparency and accountability in management of programmes and projects to improve the absorption capacity of departmental and organisation-wide funds and communicating the same openly in our reports to stakeholders.	74. Preparation of detailed project workplans  75. Periodic project status updates to stakeholders.	<b>Owner: CG, C-SIRM</b> Support: M&C-SEEM, M&C PR <u>Proposed Partners:</u>  The National Treasury
		<b>4.1.2</b> Champion improvement of the brand reputation and image in order to gain confidence of partners and stakeholders.		
		<b>4.1.3</b> Operationalize a dedicated resource mobilization function.		

### 4.3.1 TAXPAYER MAPPING STRATEGY MATRIX – 11

STRATEGIC PRIORITIES	STRATEGIC OBJECTIVES	INITIATIVES TO SUPPORT THE OBJECTIVES	ACTIVITIES TO SUPPORT THE INITIATIVES	INDIVIDUAL RESPONSIBLE
<b>SP 4.</b> <b>STRATEGICALLY PURPOSEFUL, FUNCTIONAL AND BENEFICIAL STAKEHOLDER RELATIONSHIPS</b>	<b>4.2</b> To minimise unnecessary losses of financial resources and wastage.	<b>4.2.1</b> Budget rationalization/tight budgetary controls. <b>4.2.2</b> Rigorous program planning to minimize duplication of M&C activities. <b>4.2.3</b> Identify and implement cost saving initiatives.	76. Preparation of budgets in line with the approved Divisional workplan	<b>Owner: C-CSSD</b> Support: Finance, Procurement, Internal Audit Departments <u>Proposed Partners:</u>
	<b>4.3</b> To revamp and streamline internal processes.	<b>4.3.1</b> Develop and implement efficiency optimization initiatives e.g. ISO, Kaizen, etc.	77. Execution of the Service Quality Reviews: Customer Satisfaction Survey <ul style="list-style-type: none"> <li>▪ Dipstick Survey</li> <li>▪ Mystery Shops</li> <li>▪ Customer Journey Maps</li> <li>▪ Root Cause Analysis M&amp;E</li> <li>▪ Monitor external SLA adherence</li> </ul>	<b>Owner:</b> Support: <u>Proposed Partners:</u>
	<b>4.4</b> To develop a core stakeholder management strategy.	<b>4.4.1</b> Establish a mechanism for stakeholder liaison/coordination function.	78. Evaluate and operationalize a cluster-based collaborative framework for inter-agency and other stakeholder engagements.	<b>Owner: C-SIRM</b> Support: M&C-SEEM <u>Proposed Partners:</u>
	<b>4.5</b> To integrate the stakeholder management system with other internal revenue systems and operations.	<b>4.5.1</b> Evaluate and operationalize a cluster-based collaborative framework for inter-agency and other stakeholder engagements with deliberate output being revenue, not just relationship management.	79. Customer engagement programs such as: <ul style="list-style-type: none"> <li>▪ Development of a Corporate Customer Engagement Model</li> <li>▪ Customer Onboarding</li> <li>▪ Execution of Focus Groups</li> <li>▪ Execution of Customer Visits</li> </ul>	<b>Owner: C-SIRM</b> Support: M&C-SEEM, M&C-CX <u>Proposed Partners:</u>
	<b>4.6</b> Improve organisational health	<b>4.6.1</b> Create deliberate internal relationships to improve cohesion and performance <b>4.6.2</b> Organisational Trust Ethical Leadership <b>4.6.3</b> Leadership Communication	80. Staff and Management Open Forums 81. Team Building across all Job Grades	<b>Owner: C-CSSD</b> Support: HR, M&C-SEEM <u>Proposed Partners:</u>

# 5.0 Strategy mechanics

## Customer Maturity

Outreach and Support Model, Journeys, Positioning, Content, Messaging and Customer Acquisition Model.

## Mechanics Matrix

Tools, Touchpoints & Information Sources.

## 5.1 OVERVIEW

A vast majority of voluntary compliance and tax-base expansion programs produce a very positive business case, typically exceeding the required investment by a factor of ten within a 12-month period. With such high returns, it might be expected that every revenue authority would introduce such programs. One reason this may not be so for Kenya Revenue Authority, is that successful implementation requires strong commitment and significant initial investment. With a modest budget and many other demands, this requirement can pose a stumbling block. Our business case has made every attempt to be as pragmatic as possible.

**5.1.1 The Challenge:** An almost overwhelming majority of Kenya's rapidly growing economy is highly informal and unnecessarily complex. This leads to tax evasion and can also push many otherwise willing taxpayers out of the system entirely. This Taxpayer Mapping Strategy emphasizes the role of segmentation as a tool for long-term tax-base expansion planning. KRA lacks the advanced analytic tools and databases necessary to automatically flag and follow up on suspicious taxpayer behavior.

**5.1.2 Benefits:** The key benefit of this TMS, is introduction of the framework that will enable us to segment our taxpayers for a future firmographic state. Segmentation, training and re-tooling staff, will enable KRA to remotely perform risk analyses, flag discrepancies and act quickly either via facilitation or enforcement, depending on the Taxpayer's journey state

**5.1.3 The Solution:** Presently, KRA's taxpayer engagement is been too broad rendering it ineffective, due to traditional classification i.e. Large, Medium and Small taxpayers. This has erroneously clustered all taxpayers into ineffective generic groupings. Such segments, therefore, have not fully supported the time-cost value of revenue collection because individuals and businesses all have a complex set of motivations to comply, affected by economic status, societal norms, and a passive enforcement-focused operation. In essence, what problem will the TMS solve for KRA and the taxpayer? Simply put, it will enable us to employ data and insights to unveil the taxpayer and eliminate compliance apathy by closing engagement and service gaps.

5.2 THE EXPERIENCE ECONOMY

# Customer Maturity

As KRA enters the experience economy, Customer Experience (CX) proves to be a great competitive differentiator and achieving exceptional CX is a continuous and iterative process. According to Gartner and Deloitte, in 2019, 89% of companies compete mostly on the basis of customer experience. With this TMS, we need to look at a CX maturity model to programmatically transforms CX through insights, actions, outcomes and transformation, not just by the establishment of a contact center.

Customer experience is how customers perceive their interactions with KRA, while related, CX is entirely different from customer service. Customer service is one very critical touchpoint that contributes to the broader customer experience. However, CX brings the entire organization together under the banner of customer success where KRA's CX will be made up of repeatable steps and behaviors in dealing with human taxpayers and perceptions.

5.2.1 WHERE DO WE PLACE KRA IN THE 5-STAGE CX MATURITY

CUSTOMER NEGLIGENT	CUSTOMER CHAOTIC	CUSTOMER AWARE	CUSTOMER CENTRIC	CUSTOMER CHAMPION
Failing to value customers as essential assets.	Aware of CX, though little action and no coordinated effort established.	Beyond theory, has begun to design a centralized, coordinated effort.	Established, centralized CX initiative with a clear strategy and real outputs.	Customers are valued as the supreme asset, receive consistently outstanding CX.

Table 4: Customer Maturity - Where We Are



KRA CX MATURITY MODEL

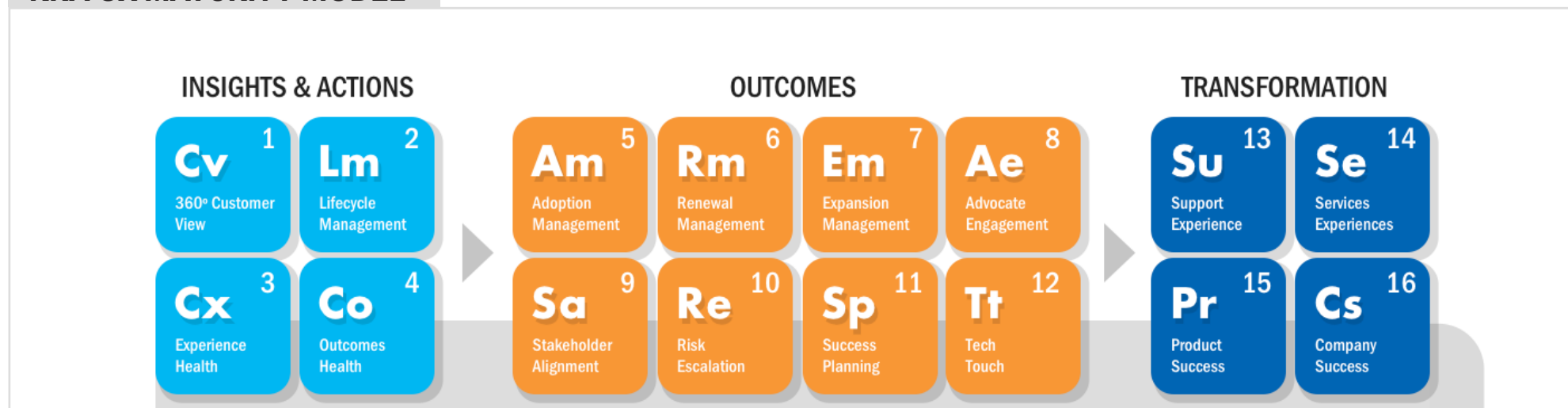


Figure 24: KRA CX Maturity Model

**5.2.2 TAXPAYER MATURITY LADDER**

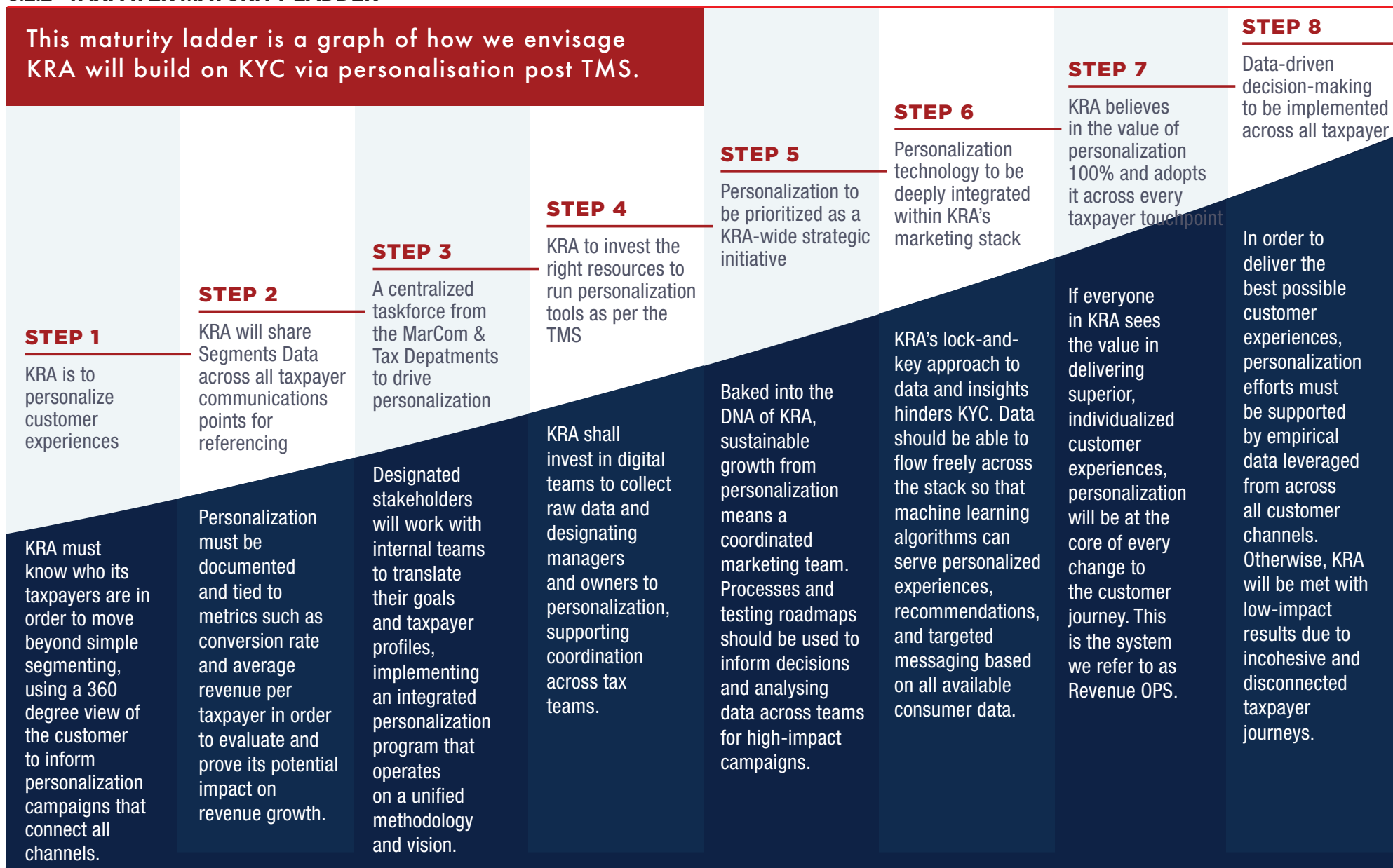


Figure 2.5: Taxpayer Maturity Ladder

Revenue mobilization and tax-base expansion through; Data-driven taxpayer engagement, education, facilitation & intelligence based enforcement.

**5.2.3 OUTREACH AND SUPPORT MODEL**

KRA can transform Kenyans’ perception of tax by designing taxpayer journeys with them in mind. For many, taxes are associated with ‘government’ and it’s most challenging to navigate. We are responsible for ensuring the process is less frustrating, given that taxation is one government service that every adult over 18 years old must participate in. Our outreach post-TMS must therefore be designed around the full taxpayer transactional loop.

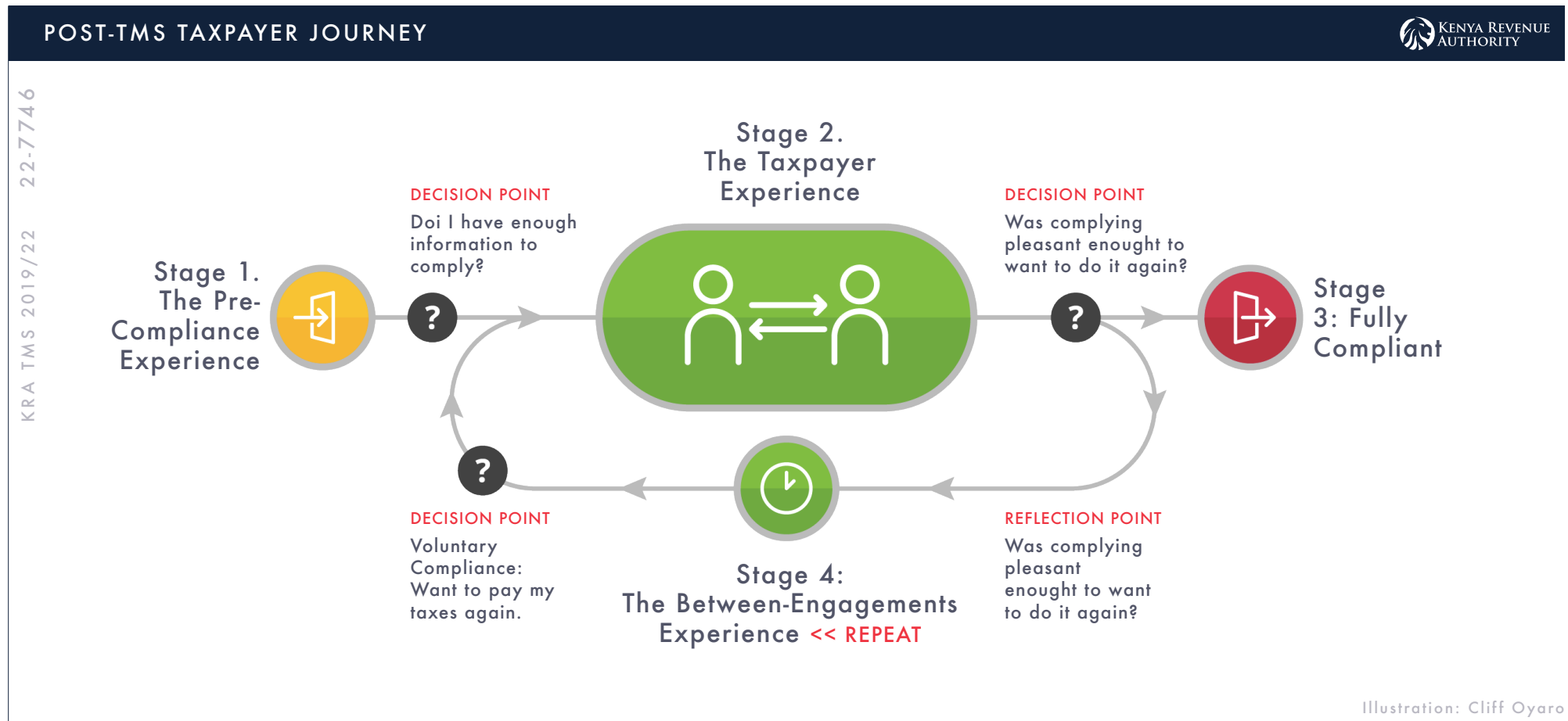


Figure 26: Outreach & Support Model

**5.2.4 TAXPAYER JOURNEYS — PROCESSES & MIND MAPPING, SAMPLING ONE TAXPAYER CATEGORY e.g. TAX EXPERT**

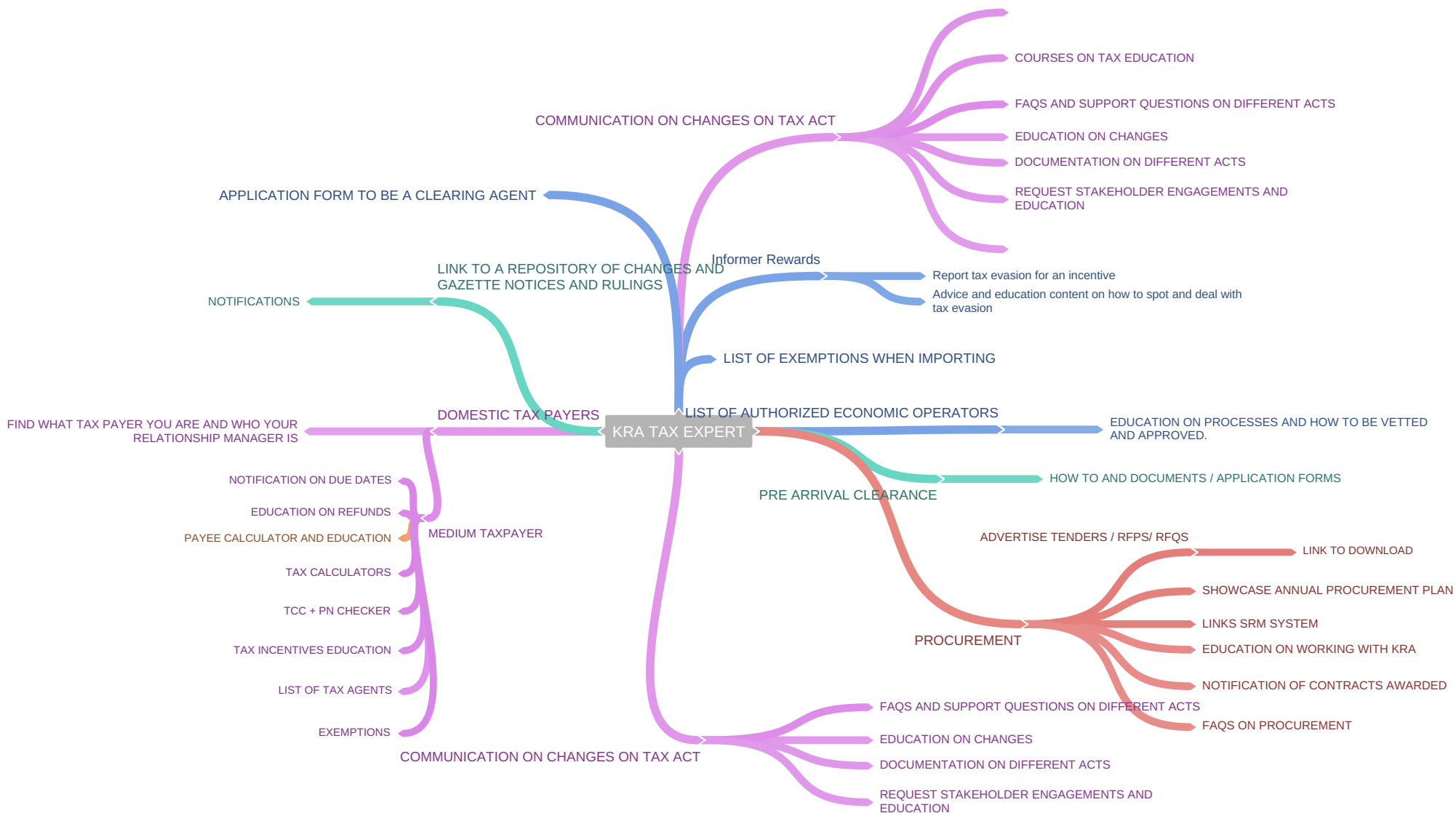


Figure 27: Taxpayer Journeys & Mind Mapping

5.3 POST-TMS CORE POSITIONING

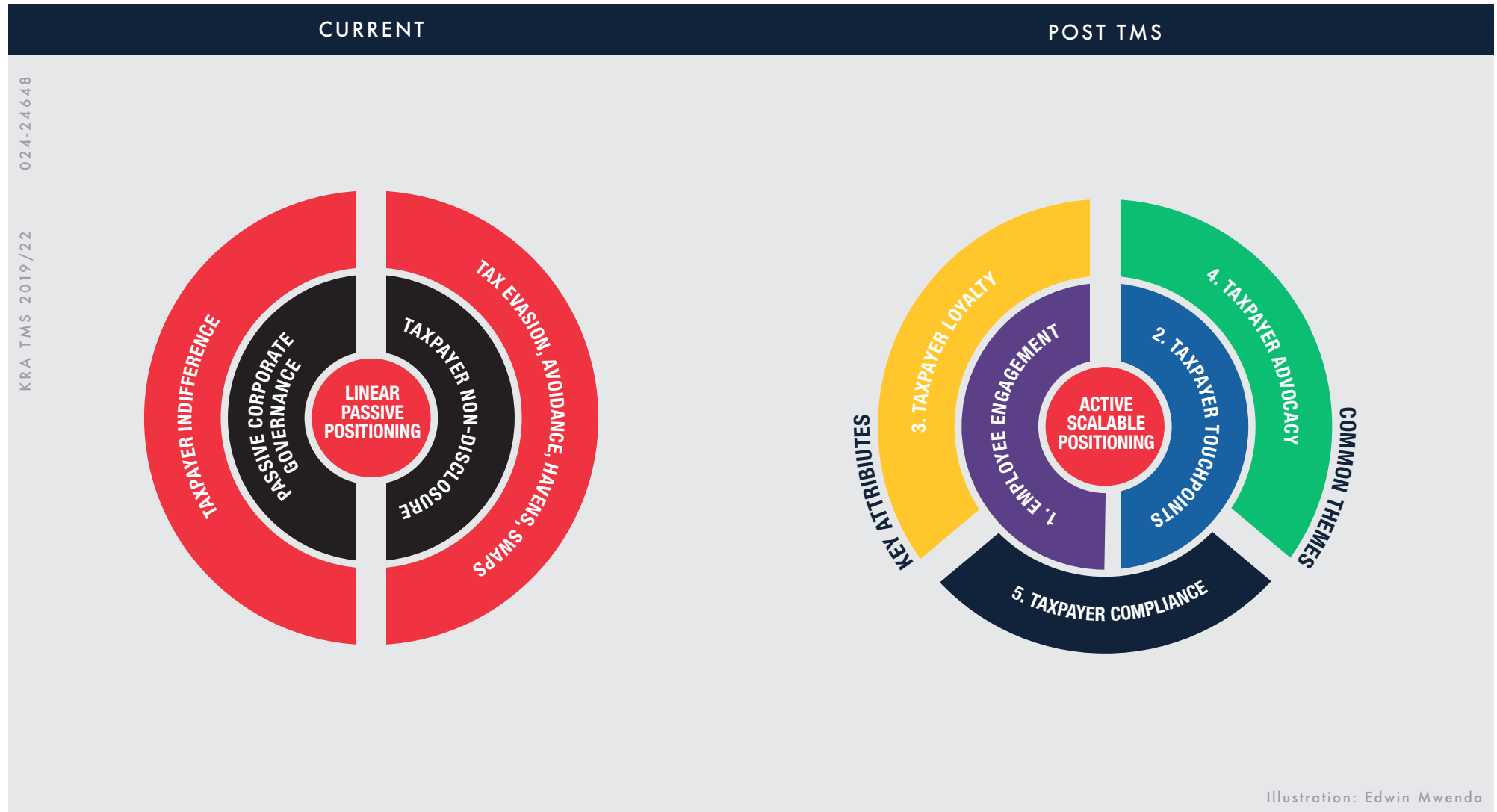


Figure 28: Post-TMS Core Positioning

5.4 CONTENT MANAGEMENT SUPPORT

# What Content Should be Covered



Figure 29: Content Management Support

**5.5 TMS TACTICAL & STRATEGIC MESSAGING**

## What Questions Should You Ask

		Market	Competitive	Business Problem	Messages	Offering
Strategic	Business	<ul style="list-style-type: none"> <li>Strategic business related question #1 about the market</li> <li>Strategic business related question #2 about the market</li> </ul>	<ul style="list-style-type: none"> <li>Strategic business related question #1 about the competition</li> <li>Strategic business related question #2 about the competition</li> </ul>	<ul style="list-style-type: none"> <li>Strategic business related question #1 about the business problem</li> <li>Strategic business related question #2 about the business problem</li> </ul>	<ul style="list-style-type: none"> <li>Strategic business related question #1 about the messaging</li> <li>Strategic business related question #2 about the messaging</li> </ul>	<ul style="list-style-type: none"> <li>Strategic business related question #1 about the offering</li> <li>Strategic business related question #2 about the offering</li> </ul>
	Technical	<ul style="list-style-type: none"> <li>Strategic technical related question #1 about the market</li> <li>Strategic technical related question #2 about the market</li> </ul>	<ul style="list-style-type: none"> <li>Strategic technical related question #1 about the competition</li> <li>Strategic technical related question #2 about the competition</li> </ul>	<ul style="list-style-type: none"> <li>Strategic technical related question #1 about the business problem</li> <li>Strategic technical related question #2 about the business problem</li> </ul>	<ul style="list-style-type: none"> <li>Strategic technical related question #1 about the messaging</li> <li>Strategic technical related question #2 about the messaging</li> </ul>	<ul style="list-style-type: none"> <li>Strategic technical related question #1 about the offering</li> <li>Strategic technical related question #2 about the offering</li> </ul>
Tactical	Business	<ul style="list-style-type: none"> <li>Tactical business related question #1 about the market</li> <li>Tactical business related question #2 about the market</li> </ul>	<ul style="list-style-type: none"> <li>Tactical business related question #1 about the competition</li> <li>Tactical business related question #2 about the competition</li> </ul>	<ul style="list-style-type: none"> <li>Tactical business related question #1 about the business problem</li> <li>Tactical business related question #2 about the business problem</li> </ul>	<ul style="list-style-type: none"> <li>Tactical business related question #1 about the messaging</li> <li>Tactical business related question #2 about the messaging</li> </ul>	<ul style="list-style-type: none"> <li>Tactical business related question #1 about the offering</li> <li>Tactical business related question #2 about the offering</li> </ul>
	Technical	<ul style="list-style-type: none"> <li>Tactical technical related question #1 about the market</li> <li>Tactical technical related question #2 about the market</li> </ul>	<ul style="list-style-type: none"> <li>Tactical technical related question #1 about the competition</li> <li>Tactical technical related question #2 about the competition</li> </ul>	<ul style="list-style-type: none"> <li>Tactical technical related question #1 about the business problem</li> <li>Tactical technical related question #2 about the business problem</li> </ul>	<ul style="list-style-type: none"> <li>Tactical technical related question #1 about the messaging</li> <li>Tactical technical related question #2 about the messaging</li> </ul>	<ul style="list-style-type: none"> <li>Tactical technical related question #1 about the offering</li> <li>Tactical technical related question #2 about the offering</li> </ul>

Table 5: Tactical &amp; Strategic Messaging

## 5.6 COLLATERAL TOOLS

Figure 30: TMS Collateral Marketing Matrix

Kenya Revenue Authority, upon recommendation by the National Treasury uses incentives as a tool to promote a specific economic goals. These are preferential tax treatments that are offered to a selected group of taxpayers and take the form of exemptions, tax holidays, credits, investment allowances, preferential tax rates and customs duties, and deferral of tax liability.



## 5.7 ACQUISITION AND CHANNEL MIX

**Acquiring new taxpayers is Kenya Revenue Authority's primary goal. Since it's vital for us, utilising customer acquisition methods can help increase our opportunity to earn more conversions. It involves establishing our relationships with them, addressing their needs, and helping them make an informed move towards greater compliance.**

KRA can acquire more taxpayers by incorporating the right strategies. We must approach customer acquisition with a solid plan by building a firm foundation through the development of relationships with potential taxpayers. Utilising acquisition strategies will help achieve tax base expansion and drive more revenue to the exchequer.

It's unlikely for first-time taxpayers or deliberate defaulters to voluntarily comply automatically. Prospective taxpayers need first to be fully engaged with your brand before making a mindset change and eventually complying voluntarily. With that in mind, utilizing acquisition strategies will help us attract them and build quality relationships with them. For those taxpayers categorised in our 'Criminal' category, we shall apply aggressive enforcement as a control measure. Most acquisition experiences are based on how we treat our taxpayers. We must first understand and know their pain points before conducting an in-depth segmentation and analysis. In order to achieve this state, we must create a community that focuses on the customer experience.

As a fiscally conservative Authority, we need not incur high costs when it comes to acquiring customers. Instead, we should target the 'lowest hanging fruit', i.e. the easiest to achieve taxpayer conversions, continuously monitor our spending, and avoid applying resource-heavy strategies to grow our model. Apart from that, we may also use marketing automation to help nurture our leads effectively. Thereafter, we can tailor our campaigns to help effectively move them through our acquisition cycle through a facilitative environment.

It's essential that Kenya Revenue Authority considers facilitation as an opportunity and not a punishment or obligation. With that in mind, it can be helpful to share valuable information with our taxpayers and key stakeholders and make KRA a subject-matter expert. It's a great way to get their trust regarding our opinions as well as our brand.

Establishing an affectionate yet strong brand as an Authority is also a great way to attract new customers. We can offer them proof in the form of testimonials, reviews, and trust icons to help validate the value of compliance and our commitment to service excellence.

Building partnerships is also crucial for creating a sustainable TMS. This is one of our key strategic priorities and can help KRA gain exposure to new taxpayers by partnering with other MDAs. Such strategic alliances will give us big advantage on the strength of the value they bring especially where it concerns intelligence.

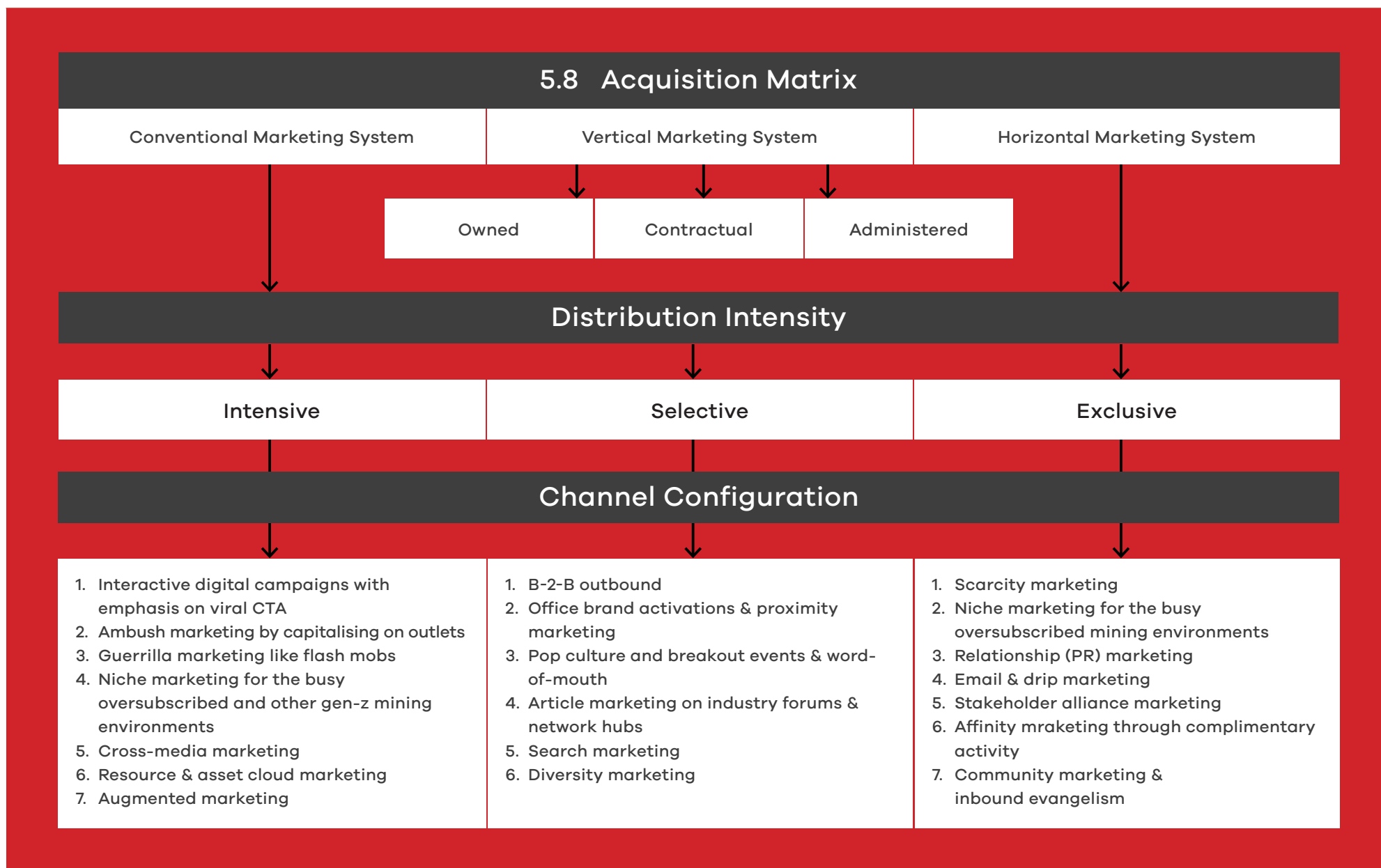


Figure 31: Taxpayer Acquisition Matrix

## 5.9 TAXPAYER MAPPING STRATEGY MECHANICS – 1







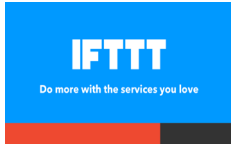
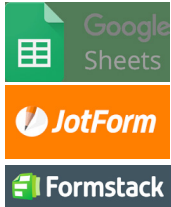







GOAL	STRATEGY MECHANICS	SERVICE LINES IMPACTED	TOOLS, TOUCHPOINTS, INFORMATION SOURCES, APPS, AI.
<b>Maximize operational efficiency and effectiveness.</b>	This mechanic focuses on streamlining the tax collection process, eliminating redundant activities, integrating programs to reduce costs, and collaboration with other KRA agencies.	All taxes	 Data Cleansing Asana, TrackMaven, EchoSign, IFTTT
<b>Commitment to Assisting Taxpayers.</b>	KRA will continue its efforts to educate and inform taxpayers of their responsibilities to file and pay their tax obligations in a timely manner, as well as to improve enrollment in assistance programs among low-income Kenyans. Automated filing and payment options must be made available to taxpayers for all tax types.	All taxes	Contactually
<b>Commitment to Fair and Impartial Administration and Enforcement</b>	KRA must commit to administering the Country's tax laws fairly, equitably, and impartially, without regard to taxpayer's status, wealth, political affiliation, gender, race, color, sexual orientation, creed, or disability. In fairness to the vast majority of Kenyans who pay their tax obligations on time, KRA will continue to identify and actively pursue those who do not voluntarily comply.	All taxes	TPDS
<b>Commitment to Employees and Collection Partners and Services They Provide</b>	KRA must recognize that its employees are its greatest asset and that they should be encouraged and empowered to use their creativity and resourcefulness in fulfilling KRA's mission. Only through teamwork, with other Country agencies and with KRA's Outside Collection partners, can we ensure the highest rate of taxpayer compliance.	All taxes	TPDS
<b>Using Data, Technology &amp; Innovation to Encourage and Compel Compliance</b>	<ul style="list-style-type: none"> <li>- Data Matching with GoK and County Governments to identify non-filers and under-reporters.</li> <li>- Placing more accounts with Outside Collection Agencies, particularly those who generate the best collection results.</li> </ul>	All taxes	
<b>Making It Easier to File and Pay Taxes</b>	<ul style="list-style-type: none"> <li>- Cashiering system upgrade to take credit card payments, USSD and Mobile Money at counter and improve payment processing.</li> <li>- Expanding eFiling has led to a doubling in the number of electronic returns filed.</li> <li>- Expanded hours for calls and walk-ins during tax season</li> <li>- A phone system with modern features designed to ensure shorter wait times.</li> <li>- New queuing intake system at the Times Towers Building and cascade to all other centers. Learn from Huduma Model.</li> </ul>	All taxes	   

Table 6: TMS Strategy Mechanics



## 5.9 TAXPAYER MAPPING STRATEGY MECHANICS – 2

GOAL	STRATEGY MECHANICS	SERVICE LINES IMPACTED	TOOLS, TOUCHPOINTS, INFORMATION SOURCES, APPS, AI.
<b>Learning More About our Taxpayers</b>	<ul style="list-style-type: none"> <li>– Focus groups on Senior Programs and Earned Income Tax Credits.</li> <li>– Quarterly Tax Advisory Committee meetings with tax professionals, with a focus on Business Tax issues.</li> <li>– Community Events and Outreach.</li> <li>– Working with institutions and non-profits in inter-agency project to test what works best to expand enrollment in assistance programs.</li> <li>– Conducting surveys of Delinquent Taxpayers, in-person taxpayers, and filers.</li> <li>– Implementation of Data Warehouse.</li> <li>– Seminars with 1,000 + tax professionals annually.</li> </ul>		
<b>Providing Assistance to Those in Need</b>	<ul style="list-style-type: none"> <li>– New easier to read forms, with simpler instructions.</li> </ul>		
<b>Collection Agencies:</b>	<p>Outside Collection Agencies will be valuable partners in the KRA's overall collection program, and play a critical supplementary role to its collection efforts. The value added by collection agencies typically focuses on additional technologies the OCAs have at their disposal, such as predictive dialers, unattended messaging campaigns, self-service tools for taxpayers, and skip-tracking capabilities to locate taxpayers. Currently, the Authority employs seven (7) outside agencies to help with its collection of taxes and fees, including two (2) law firms. The Authority is confident that by utilizing performance data and generating consistent and timely referrals to its collection agencies, it will encourage competition among the agencies and drive their overall performance.</p>		<ol style="list-style-type: none"> <li>1. County Govts.</li> <li>2. Posta</li> <li>3. Huduma</li> <li>4. eCitizen</li> <li>5. PSFs</li> <li>6. M-Pesa</li> <li>7. Unions</li> <li>8. Saccos</li> </ol>

## 5.9 TAXPAYER MAPPING STRATEGY MECHANICS – 3

GOAL	STRATEGY MECHANICS	SERVICE LINES IMPACTED	TOOLS, TOUCHPOINTS, INFORMATION SOURCES, APPS, AI.
<b>Commercial Activity License Revocation:</b>	Kenya Revenue Authority must re-engineer and enhance Commercial Activity Licenses revocations to target operating businesses that have resisted other enforcement actions. Through a memorandum of understanding with the Registrar of Companies and Inspections, the Authority has the authority to close a business that does not come into compliance. Nearly 3,700 businesses have been included in the program since its inception, generating Kes.47 million since the program began in late FY 13, with Kes.16.3 million collected in FY 15 and Kes.12.7 million collected through March 5th of FY16. The majority of businesses targeted under this program pay or enter into a payment agreement before the business is closed.	All Business Tax types for accounts with active commercial activity licenses, countrywide and countywide.	 Registrar of Companies
<b>Criminal Tax Prosecution</b>	Failure to remit licensed goods taxes such as Liquor to be criminalized, that a person who receives funds subject to a known legal obligation and fails to make the required payment of those funds is guilty of theft. The Kenya Revenue Authority, acting through its Legal Services Department, must work with the the Judiciary to explore the feasibility of a Tax Prosecution Program. The expected impact of the program would be to serve as a strong deterrent to non-compliant taxpayers and to help increase the rates of voluntary compliance.	Licensed goods taxes across the spectrum.	 The Judiciary
<b>Spot Fines</b>	Failure to remit Wage Withholding Taxes for domestic workers and casual labourers to be made a misdemeanor in Kenyan law and any person who pays wages subject to a known legal obligation and fails to make the required payment of those funds is guilty of a misdemeanor subject to a spot fine payable via mobile money on the spot. The Kenya Revenue Authority, acting through its Legal Services Department, should work with the The Judiciary to explore the feasibility of a Spot Fine Program. The expected impact of the program would be Tax Base Expansion. KRA should not invest in expensive POS hardware, they should have MoUs with vendors to lease the gadgets on a 2-3 year basis upon which expiry they can be churned to SMEs.	Domestic Workers and Casual Labourer Wage Withholding Taxes	Casual Labourer Unions to be made Mandatory  MoUs with OCAs, since MNOs such as Safaricom M-I,  , Airtel Money   
<b>Data Warehouse</b>	KRA shall use its Data Warehouse Management System to provide more accurate analysis of taxpayer information from internal source data, Governments, and MDAs. The Data Warehouse integrates information to provide more accurate analysis and drive collection efforts. The system will help the KRA realize revenue from delinquent collections. A Case Management System or module (to save costs) must be incorporated within the CRM be used to match the right collection effort to accounts likely to pay, and to automate many collection tasks.	All tax types collected by the Kenya Revenue Authority.	 

## 5.9 TAXPAYER MAPPING STRATEGY MECHANICS – 4

GOAL	STRATEGY MECHANICS	SERVICE LINES IMPACTED	TOOLS, TOUCHPOINTS, INFORMATION SOURCES, APPS, AI.
<b>First-time White Collar Employee Compliance Program:</b>	All potential white collar employees joining the PAYE bracket for the first time, must be in compliance with all KRA financial obligations before being hired. If hired prior to introduction of this policy, the employer should either <b>a.)</b> Garnish the wages of employees not in tax compliance or <b>b.)</b> Deduct from their wages over a spread period not exceeding 36months. KRA must reiterate that no employee shall lose their job on this premise. However, employers who do not comply shall be liable to fines.	All tax types collected by the Kenya Revenue Authority.	TPDS such as NSSF, NHIF, FKE.
<b>Increased Billing Frequency:</b>	KRA must increase the frequency of delinquent bills that are sent to debtors. In 2015, a best case by Kenya Power demonstrated that increasing the frequency of delinquent bill mailings resulted in measurable increases in delinquent collections.	All tax types collected by the Kenya Revenue Authority.	Contactually
<b>Publication List:</b>	The Kenya Revenue Authority plans must publish information pertaining to the largest uncollected tax liabilities owed to the Authority. All details provided on the Authority's website will be public information as a result of ruled judgments.	All Individual and Corporate Taxes	
<b>Recording Review:</b>	KRA must work closely with the Records Department to resolve any questions prior to the recording of new deeds and/or entitlements.	All Individual and Corporate Taxes	 <b>KNBS</b> KENYA NATIONAL BUREAU OF STATISTICS <i>Keeping you informed</i>
<b>Connected Centres for e-Filing</b>	KRA must increase connected centres across the country in order to improve e-filing. While internet connectivity via Mobile phone is very high in Kenya, connectivity via PC is quite limited. Therefore, to increase e-filing, KRA must partner with financial institutions and MDAs to ensure country wide access to connected e-filing facilities. KRA to redesign e-filing forms to increase pre-filled information and save the taxpayer time.	All tax types collected by the Kenya Revenue Authority.	 <b>POSTA</b> KENYA <i>Touching lives</i>
<b>Mandatory Tax Desks in all Commercial Banks and Financial Institutions</b>	KRA must make it mandatory that all Commercial Banks have a fully internet enable Tax Desk specifically and only for payments and collections.	All tax types collected by the Kenya Revenue Authority.	CBK, KBA, Commercial Banks
<b>Mandatory online transaction reporting</b>	Commercial Banks shall report all Online transaction activity to the Kenya Revenue Authority for purposes of designing policy for collection of online transactions taxes.	Online Trading	CBK, KBA, Commercial Banks

## 5.9 TAXPAYER MAPPING STRATEGY MECHANICS – 5

GOAL	STRATEGY MECHANICS	SERVICE LINES IMPACTED	TOOLS, TOUCHPOINTS, INFORMATION SOURCES, APPS, AI.
<b>General Compliance RG and TBE Goals</b>	<ol style="list-style-type: none"> <li>1. A minimum of 20 internet connected mobile units must be deployed to serve the 47 counties not only during filing, but all year round.</li> <li>2. Tax obligation alerts, reminders, and prompts for smaller taxes, shall be accompanied by an Instant Payment USSD Number or Paybill Number to enable taxpayer to comply on the spot.</li> <li>3. KRA must carry out an annual Taxpayer Attitude Survey to plug into CRM activities and communications for the year.</li> <li>4. Relational management and orientation: Think about taxpayers in terms of relationships rather than transactions and focus on lifetime value of the collector-taxpayer relationship.</li> <li>5. Collaborate with Banks, Saccos, Micro Lenders, Registrar of Companies, County Governments, and online vendors (Amazon/Paypal) to post policies on tax obligations of their users to their individual countries. This can be designed similar to Software EULAs that cover multiple jurisdictions. Commercial Banks shall be required to withhold a percentile or percentage of transactions [a tax]. This will be the case regardless of physical goods landing in the country, of which Customs Duties shall nevertheless apply.</li> <li>6. KRA to use Google Ad Sense and similar tools for Geo Tagging on Internet, Apps and Mobile Telephony to collect unstructured data from existing and potential taxpayers.</li> <li>7. KRA to work with HR and in-house Talent Management professionals to increase retention of M/LTO staff often poached by PSFs, Accounting Legal and Audit Firms and slow the current apparent brain drain.</li> <li>8. Integrate with eCitizen and Huduma – Currently, there exists no full integration of KRA services with eCitizen except for a few interrupted taxpayer journeys such as NTSA.</li> <li>9. Rewrite all complex communications into palatable information for the masses.</li> <li>10. CRB – Work with CRBs to get realtime data on the entire population's loan book and servicing history (both Performing/Non-performing) and co-relate to non-disclosures, under-reporting and other evasions in relation to information provided by taxpayers and potential taxpayers.</li> </ol>		<ol style="list-style-type: none"> <li>1. Ministry of ICT</li> <li>2. Communications Authority</li> <li>3. Commercial Banks</li> <li>4. CRB</li> <li>5. ICT Authority</li> <li>6. IFMIS</li> <li>7. Kenya Police</li> <li>8. KPLC</li> <li>9. KNBS</li> <li>10. NCWSC</li> <li>11. NIS</li> <li>12. Micro Lenders</li> <li>13. MNOs</li> <li>14. Registrar of Companies</li> <li>15. Immigration and Registration of Persons</li> <li>16. County Registries</li> </ol> <p><b>And all other MDAs by Executive Order and Legislation:</b> All must share disclaimed customer data with KRA, as well as plug their tools into the White Box at the Ministry of ICT for Data Sharing.</p>

## 6.0

# Business Case

The Challenge

The Benefits

The Solution

The Risks

Business Case Canvas

## 6.1 OVERVIEW

A vast majority of voluntary compliance and tax-base expansion programs produce a very positive business case, typically exceeding the required investment by a factor of ten within a 12-month period. With such high returns, it might be expected that every revenue authority would introduce such programs. One reason this may not be so for Kenya Revenue Authority, is that successful implementation requires strong commitment and significant initial investment. With a modest budget and many other demands, this requirement can pose a stumbling block. Our business case has made every attempt to be as pragmatic as possible.

**6.1 The Challenge:** An almost overwhelming majority of Kenya's rapidly growing economy is highly informal and unnecessarily complex. This leads to tax evasion and can also push many otherwise willing taxpayers out of the system entirely. This Taxpayer Mapping Strategy emphasizes the role of segmentation as a tool for long-term tax-base expansion planning. KRA lacks the advanced analytic tools and databases necessary to automatically flag and follow up on suspicious taxpayer behavior.

**6.2 Benefits:** The key benefit of this TMS, is introduction of the framework that will enable us to segment our taxpayers for a future firmographic state. Segmentation, training and re-tooling staff, will enable KRA to remotely perform risk analyses, flag discrepancies and act quickly either via facilitation or enforcement, depending on the Taxpayer's journey state

**6.3 The Solution:** Presently, KRA's taxpayer engagement is been too broad rendering it ineffective, due to traditional classification i.e. Large, Medium and Small taxpayers. This has erroneously clustered all taxpayers into ineffective generic groupings. Such segments, therefore, have not fully supported the time-cost value of revenue collection because individuals and businesses al have a complex set of motivations to comply, affected by economic status, societal norms, and a passive enforcement-focused operation. In essence, what problem will the TMS solve for KRA and the taxpayer? Simply put, it will enable us to employ data and insights to unveil the taxpayer and eliminate compliance apathy by closing engagement and service gaps.

**6.4 Risks:** Due to the dynamic needs, expectations, and technological exposure in today's connected world, taxpayers have come to expect personalized services based on their individual attributes, unique needs and journey states. For KRA to achieve taxpayer reach, we need to enhance existing and adopt new technologies. This however presents a risk in proper identification, verification and protection of taxpayer data.

## 6.5 TAXPAYER MAPPING STRATEGY BUSINESS CASE CANVAS – 1

VALUE PROPOSITION	BENEFIT STREAMS	COST IMPLICATIONS	KEY PARTNERS	KEY ACTIVITIES	STAKEHOLDER SEGMENT
What is the challenge facing KRA?	What benefits will the TMS bring?	What are the most important costs in the TMS solution?	Who will be our key partners to implement the TMS?	What is our recommended implementation pathway?	Who among our stakeholders is this challenge impacting?
<b>1. Intelligence, Data &amp; Analytics</b>	<ul style="list-style-type: none"> <li>360 View/KYC and personalisation</li> </ul>	<ul style="list-style-type: none"> <li>Hiring Analysts &amp; Acquiring Tools</li> </ul>	<ul style="list-style-type: none"> <li>KRA-BoD, CG, C-C&amp;BC, C-CSS, C-DTD, C-IE, C-ISO, C-LSBC, C-SIRM, CEN</li> </ul>	<ul style="list-style-type: none"> <li>Section to be filled at Validation</li> </ul>	<ul style="list-style-type: none"> <li>National Treasury</li> <li>General Public</li> </ul>
<b>2. Segmentation and Sizing</b>	<ul style="list-style-type: none"> <li>Yield-based Revenue Operations</li> </ul>	<ul style="list-style-type: none"> <li>JEP Integration to BSC Framework</li> </ul>	<ul style="list-style-type: none"> <li>C-CSS, C-DTD, C-IE, C-ISO, C-SIRM, CEN, KRA M&amp;C-CX</li> </ul>	<ul style="list-style-type: none"> <li>Countrywide Firmographic Segmentation</li> </ul>	<ul style="list-style-type: none"> <li>Business and Support Departments</li> </ul>
<b>3. Organisational Health</b>	<ul style="list-style-type: none"> <li>Fit-for-purpose teams</li> <li>Right Tools</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Subscriptions to Productivity Apps</li> </ul>	<ul style="list-style-type: none"> <li>Deputy Commissioners &amp; Chief Managers</li> </ul>	<ul style="list-style-type: none"> <li>Alignment of TMS operationalisation with JEP</li> </ul>	<ul style="list-style-type: none"> <li>KRA Staff</li> </ul>
<b>4. Beneficial Stakeholder</b>	<ul style="list-style-type: none"> <li>Intelligence Policy and Operations</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder Engagement Program Operations</li> </ul>	<ul style="list-style-type: none"> <li>CG, Board, Business, M&amp;C</li> </ul>	<ul style="list-style-type: none"> <li>Realtime Intelligence Sharing</li> </ul>	<ul style="list-style-type: none"> <li>KRA Business Departments</li> </ul>

Table 7: Business Case Canvases

## 6.5 TAXPAYER MAPPING STRATEGY BUSINESS CASE CANVAS – 2

VALUE PROPOSITION	BENEFIT STREAMS	COST IMPLICATIONS	KEY PARTNERS	KEY ACTIVITIES	STAKEHOLDER SEGMENT
Is the impact immediate, current, projected?	What is the longevity of the intended benefits?	How will these costs be structured?	What value will these partners be adding to our actions?	What will that implementation pathway look at?	What is the impact on our stakeholders of not meeting this challenge?
1. Intelligence, Data & Analytics— <b>Current</b>	<ul style="list-style-type: none"> <li>Medium-to-long term</li> </ul>	<ul style="list-style-type: none"> <li>Hiring Analysts &amp; Acquiring Tools</li> </ul>	<ul style="list-style-type: none"> <li>Section to be filled at Validation</li> </ul>	<ul style="list-style-type: none"> <li>Section to be filled at Validation</li> </ul>	<ul style="list-style-type: none"> <li>National Treasury</li> <li>General Public</li> </ul>
2. Segmentation and Sizing— <b>Projected</b>	<ul style="list-style-type: none"> <li>Yield-based Revenue Operations</li> </ul>	<ul style="list-style-type: none"> <li>JEP Integration to BSC Framework</li> </ul>	<ul style="list-style-type: none"> <li>CG and Commissioners, KRA M&amp;C-CX</li> </ul>	<ul style="list-style-type: none"> <li>Countrywide Firmographic Segmentation</li> </ul>	<ul style="list-style-type: none"> <li>Business and Support Departments</li> </ul>
3. Organisational Health— <b>Projected</b>	<ul style="list-style-type: none"> <li>Fit-for-purpose teams</li> <li>Right Tools</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Subscriptions to Productivity Apps</li> </ul>	<ul style="list-style-type: none"> <li>Deputy Commissioners &amp; Chief Managers</li> </ul>	<ul style="list-style-type: none"> <li>Alignment of TMS operationalisation with JEP</li> </ul>	<ul style="list-style-type: none"> <li>KRA Staff</li> </ul>
4. Beneficial Stakeholder — <b>Projected</b>	<ul style="list-style-type: none"> <li>Intelligence Policy and Operations</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder Engagement Program Operations</li> </ul>	<ul style="list-style-type: none"> <li>CG and Commissioners, IRD</li> </ul>	<ul style="list-style-type: none"> <li>Realtime Intelligence Sharing</li> </ul>	<ul style="list-style-type: none"> <li>KRA Business Departments</li> </ul>

## 6.5 TAXPAYER MAPPING STRATEGY BUSINESS CASE CANVAS – 3

VALUE PROPOSITION	BENEFIT STREAMS	COST IMPLICATIONS	KEY PARTNERS	KEY ACTIVITIES	STAKEHOLDER SEGMENT
<b>What is the impact of the challenge on KRA's key business?</b>	<b>What is the timeframe for the delivery of these benefits?</b>	<b>Are there more/less expensive options?</b>	<b>What activities will these key partners be performing?</b>	<b>What is the timeframe for that action?</b>	<b>What benefit amongst our stakeholders will our actions have?</b>
<b>1. Intelligence, Data &amp; Analytics</b> <ul style="list-style-type: none"> <li>Efficiency</li> <li>Service Distribution</li> <li>VC &amp; TBE</li> <li>CRM</li> </ul>	<ul style="list-style-type: none"> <li>24 - 36 months</li> </ul>	<ul style="list-style-type: none"> <li>Yes — More expensive</li> </ul>	<ul style="list-style-type: none"> <li>More enhanced, deliberate and intentional interdepartmental &amp; interorganisational collaboration.</li> </ul>	<ul style="list-style-type: none"> <li>12 - 24 months</li> </ul>	<ul style="list-style-type: none"> <li>Wider taxbase</li> <li>Increased revenues to the Exchequer</li> <li>Improved customer service levels</li> </ul>
<b>2. Segmentation and Sizing</b> <ul style="list-style-type: none"> <li>Effective, measurable communications</li> <li>Intimacy &amp; enhanced personas</li> <li>Brand love</li> </ul>	<ul style="list-style-type: none"> <li>36 - 48 months</li> </ul>	<ul style="list-style-type: none"> <li>Yes — More expensive</li> </ul>	<ul style="list-style-type: none"> <li>Identify value drivers, use cases, adoption patterns and cost sensitivity, develop taxpayer problem Hypothesis, Segment Sizing (existing taxpayers) and prioritize Segment opportunities based on yield, analyse and classify segments for firmographic intelligence.</li> </ul>	<ul style="list-style-type: none"> <li>24 - 48 months</li> </ul>	<ul style="list-style-type: none"> <li>Crystallised Taxpayer Engagement Programmes</li> <li>Intuitive Service Distribution and Support</li> </ul>
<b>3. Organisational Health</b> <ul style="list-style-type: none"> <li>Competitive, active &amp; engaged organisation</li> </ul>	<ul style="list-style-type: none"> <li>18 - 36 months</li> </ul>	<ul style="list-style-type: none"> <li>Yes — Both more and less expensive</li> </ul>	<ul style="list-style-type: none"> <li>JEP/TMS Rationalisation and Organisation Structure.</li> </ul>	<ul style="list-style-type: none"> <li>From 20 months</li> </ul>	<ul style="list-style-type: none"> <li>Efficiency and performance enhanced operations.</li> </ul>
<b>4. Beneficial Stakeholder</b> <ul style="list-style-type: none"> <li>Realtime Intelligence</li> </ul>	<ul style="list-style-type: none"> <li>12 - 18 months</li> </ul>	<ul style="list-style-type: none"> <li>Yes — Less expensive options available</li> </ul>	<ul style="list-style-type: none"> <li>Engagement, Communication and Collaboration.</li> </ul>	<ul style="list-style-type: none"> <li>From 12 months</li> </ul>	<ul style="list-style-type: none"> <li>Achieve greater intelligence</li> </ul>

# 7.0 Risk & mitiga- tion

## OVERVIEW

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The implementation of the Taxpayer Mapping Strategy faces potential risks that have to be mitigated if the Authority's strategic objectives are to be achieved. The following are some of the potential risks that may affect successful strategy implementation, their significance and the mitigation strategies for each.

## 7.1 RISK ANALYSIS

NO.	RISK FACTOR	RISK LEVEL	MITIGATION STRATEGY
1.	Insufficient support and goodwill from stakeholders	High	<ul style="list-style-type: none"> <li>▪ Lobbying and relationship cultivation with heads of TPDS organisations.</li> <li>▪ Regular performance reporting.</li> <li>▪ Proper implementation of the annual budgets.</li> <li>▪ Improving TPDS coordination and collaboration framework.</li> <li>▪ Proactive engagement with IP owners and</li> <li>▪ Enhance KRA's cross-agency profile through various awareness creation strategies.</li> </ul>
2.	Perceived Internal Corruption	High	<ul style="list-style-type: none"> <li>▪ Consistent enforcement of sanctions against staff engaging in corrupt activities.</li> <li>▪ Collaboration with the EACC and DCI in proceedings with a PR push.</li> </ul>
3.	Failure to secure adequate financial resources for critical operations	Medium to High	<ul style="list-style-type: none"> <li>▪ Continuous engagement of government.</li> <li>▪ Continuous engagement of development partners.</li> <li>▪ Constitute dedicated resource mobilization for TMS.</li> </ul>
4.	Staff exits	Medium to High	<ul style="list-style-type: none"> <li>▪ Reviewing employment terms and conditions to improve the working environment in line with JEP.</li> <li>▪ Review and clearly define job descriptions and adhere to these to enable staff have a better work-life balance.</li> <li>▪ Redeploy/hire additional staff to take up additional responsibilities that may be currently over-burdening staff.</li> </ul>
5.	Drastic policy changes	High	<ul style="list-style-type: none"> <li>▪ Continuous engagement with the National Treasury to enhance their understanding of the KRA's operating environment through regular policy advice, and to enable KRA pre-empt such drastic changes.</li> <li>▪ Relationship building with complementary agencies in the sector such as KEBS, EPZ, ACA, KAM, EPC, COGs, among other core stakeholders to reduce misunderstanding and unnecessary conflicts.</li> </ul>
7.	Continued technological evolution	High	<ul style="list-style-type: none"> <li>▪ Tasking the research department to keep abreast with technological advancements and provide recommendations to combat the vice.</li> <li>▪ Exchange visits.</li> </ul>

Table 8: Risk Analysis

# 8.0

## Validation, Operationalisation & Rollout.

Operationalisation - Phase 1  
Operationalisation - Phase 2

### 8.1 OVERVIEW

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An overwhelming majority of strategies are organisational instruments that often concentrate on impacting policy in the long term. A Taxpayer Mapping Strategy however, is largely focussed on activation. Beyond strategy, it is critical to ensure that the TMS is operationalised through a high level execution workplan in four key stages namely, Engagement, Education, Activation and Sustenance.

## 8.2 OPERATIONALIZATION PHASE 1

### 8.2.2 TMS Validation

Implementation of this Go-to-market plan depends on the understanding of the strategy by key staff. The commitment of Chief Managers to see it through to its conclusion through strategy matrix entries, and the discipline to constantly track performance and make adjustments to the objectives and initiatives is critical to its success. In addition, validation will create ownership through knowledge transfer and KPI setting as well as the executive performance dashboard.

### 8.2.3 TMS Resource Planning

While the Taxpayer Mapping Strategy is meant to run parallel to other M&C and organisational programs, it is important to resource for it separately due to its audacious goals, namely the enhancement of taxpayer segments and personas, streamlining interactions with the taxpayer into data-driven engagement, enhancing staff capabilities into a high performing, responsive and professional workforce and strategically purposeful, functional and beneficial stakeholder relationships. The TMS may be aligned with ongoing M&C and business initiatives and synchronized to filter the served market downstream. However, the propensity of this prospect, certainly will be more resource heavy than other day-to-day activities.

### 8.2.4 TMS Execution

Execution is the result of thousands of decisions made every day by employees acting according to the information they have and their own self-interest. We have identified four fundamental building blocks Chief Managers will use to influence those actions; –

1. Clarifying decision making
2. Working with information flows
3. Aligning motivators
4. Enhancing skills

In essence, we must apply the mechanics in the strategy matrix to activate the TMS, and avoid devising ways to strip out costs.

### 8.2.5 TMS Staff Sensitisation

Implementation of this Taxpayer Mapping Strategy largely depends on the understanding of the strategy by the majority within the organization; the commitment of Chief Managers to see it through to its conclusion through strategy matrix entries, and the discipline to constantly track performance and make adjustments to the objectives and initiatives.

To ensure shared understanding of the strategy, it would be helpful to take time to sensitize staff at all key departments on the strategy as well as explain to them how they can make a contribution to its realization. The implementation of the strategy should be done by cross functional teams with each focusing on delivering on one of the key strategic initiatives. Detailed implementation and monitoring and evaluation matrices have been annexed to this report.

### 8.2.6 Pre-Implementation

Some of the critical pre-implementation activities that will be undertaken include:

- a) Pre-validation workshop to sensitize key staff across KRA on the TMS.
- b) Appoint priority champions to build cross-functional/departmental teams.
- c) Cascading wherever possible, objectives and initiatives to an individual level.
- d) Pre-agreeing on a meeting schedule for periodic status updates and the performance reporting framework to be used.
- e) Mobilizing the requisite financial resources to cover the cost of the various initiatives.

### 8.2.7 Post-Implementation

Priority champions will be responsible for measuring progress with their teams as well as other employees to whom an objective and/or initiative has been assigned. These champions will be responsible for letting the rest of the organization know whether or not the TMS is on track to achieving its objectives. They will also be responsible for preparing periodic performance reports for the TMS Owner to review and present to the Board. Priority champions will also share information on various indicators at a pre-agreed frequency to the monitoring and evaluation manager to enable them track progress and performance.

**8.3 OPERATIONALISATION PHASE 2**

The second phase of executing the TMS shall employ a work plan with four key success factors.



# 9.0 Performance monitoring & reporting

## 9.1 OVERVIEW

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TMS Performance Monitoring will be critical in enabling the management team to track progress towards the realization of the ratified strategic goals. It will also help the Authority identify the priorities that are making the greatest contribution towards KRA's strategic goals and those that are not. With such insights, decisions will be made to review and/or abandon the ineffective strategy initiatives and activities.

## 9.2 PRIORITY CHAMPIONS

The responsibility for each priority and its respective objectives and initiatives will be assigned to a priority champion who will lead a cross-departmental team that will be responsible for delivering on the set targets and making adjustments to the strategic priorities. The priority champions will help to eliminate any stumbling blocks that their respective team members face in carrying out the various initiatives.

Team members including the priority champion will be required to make monthly commitments<sup>4</sup> aimed at contributing to the set targets. At the end of each month, they will report on their commitments; the progress they made; the challenges they faced; the lessons they learnt and the new commitments they will focus on in the coming month.

Below is a proposal of the priority champions and the corresponding priority:

#	STRATEGIC PRIORITY	PRIORITY CHAMPION(S)
1	Existing Taxpayers Segmentation Enhancement	C-C&BC, C-CSSD, C-DTD, C-I&E, C-ISO, C-LSBC, C-SIRM.
2	Data-driven taxpayer engagement, facilitation and enforcement	C-C&BC, C-CSSD, C-DTD, C-I&E, C-ISO, C-LSBC, C-SIRM.
3	Enhanced staff capabilities through organisational health	C-CSSD, C-SIRM, CG.
4	Purposeful, functional & beneficial stakeholder relationships	C-CSSD, C-SIRM, CG.

Table 9: Priority Champions

<sup>4</sup> The commitments may come from the list of initiatives in the implementation matrix as well as any other innovative ideas that an individual may come up with that would make a significant contribution towards the accomplishment of the set targets.

## 9.3 DATA COLLECTION AND REPORTING

The responsibility for tracking the performance of the strategy will sit with the monitoring and evaluation champion who will be responsible for providing periodic updates to the executive team on the progress being made towards the set targets. The monitoring and evaluation champion will collect results on the various performance targets from the priority champions who will in turn collect the data from the members of their cross-functional teams.

Reporting shall be done on a monthly basis (more frequently if possible) to ensure that the strategy remains at the top of the executive team's minds and it is in this way that it will become apparent the priorities that are truly delivering results and those that are not making much of a contribution.

The strategy's performance should be an agenda item at each board meeting during which the DC M&C would be responsible for reporting progress and any alterations made to the strategic priorities, objectives and/or initiatives.

## 9.4 END TERM REVIEW

This Taxpayer Mapping Strategy can also serve as a realignment or mid-term review of other M&C and organisation-wide strategies. The current strategy planning period will come to an end in 2023 at which point an end-term review will be conducted.

The purpose of this review will be to take stock of the achievements made during the current strategic planning period and the key lessons that the organization can draw from its implementation experiences. This will greatly inform the development of the terms of reference for the next planning period.

# 10.0 Annexes

## 10.1 OVERVIEW

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The following pages contain tools and entries that department heads, chief managers, and champions, will be required to populate to activate Phase 2 of this strategy i.e the implementation of the Strategic Priorities. While the entries might change from time to time depending on the success of ongoing Intitatives, the priorities cannot change over the strategy period. For M&E, Champions shall employ an Executive Performance Dashboard based on the BSC Framework.

10.2 BSC STRATEGY MAP — EXECUTIVE PERFORMANCE DASHBOARD – 1

YEAR	2019/20							
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
QUARTER	Q1'19		Q2'19		Q3'19		Q4'19	
<b>STAKEHOLDER PERSPECTIVE</b>								
Non-compliance								
Value of ... (KES millions)								
Value of ... (KES millions)								
Value of ... (KES millions)								
% of ...								
% of ...								
Awareness								
	Target				Actual			
Level of public awareness on non-compliance								
Taxpayer behavioural change index (%)								
<b>INTERNAL PROCESSES PERSPECTIVE</b>								
Enforcement Performance								
No. of complete raids ...								
% of investigations ...								
No. of cases registered ...								

Table 10: BSC Strategy Map

## 10.2 BSC STRATEGY MAP — EXECUTIVE PERFORMANCE DASHBOARD – 1

YEAR	2019/20							
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
QUARTER	Q1'19	Q2'19	Q3'19	Q4'19				
No. of active cases ...								
No. of convictions ...								
No. of concluded ADR negotiations ...								
No. of lost cases ...								
% of cases concluded ...								
Average time spent on enforcement (days)								
Penalties arising from cases against KRA (KES millions)								
Court fines on completed cases ...								
Internally generated funds								
X% of collections realised from M&C activities								
X% of fees realised from M&C activities								
X% of penalties realised from M&C activities								

10.3 IMPLEMENTATION MATRIX – 1

BSC PERSPECTIVE	STRATEGIC OBJECTIVE	MEASURE	BASELINE	2023 TARGET	INITIATIVES
<b>Stakeholder Perspective</b>					
	Existing Taxpayers Segmentation Enhancement	% visibility/ awareness levels			
		% rise in			
		Taxpayer non-compliance perception index			
		No. of reports on non-compliance			
		Response rate on non-compliance reports			
	Data-driven taxpayer engagement, facilitation and enforcement	% of			

Table 11: TMS Implementation Matrix

### 10.3 IMPLEMENTATION MATRIX – 2

BSC PERSPECTIVE	STRATEGIC OBJECTIVE	MEASURE	BASELINE	2023 TARGET	INITIATIVES
	Purposeful, functional & beneficial stakeholder relationships	No. of stakeholders...			
		No. of cases referred to KRA by			
	To increase ...	% of annual budget sourced from internally sources			

### 10.3 IMPLEMENTATION MATRIX – 3

BSC PERSPECTIVE	STRATEGIC OBJECTIVE	MEASURE	BASELINE	2023 TARGET	INITIATIVES
	To attract collaboration and save on new resources from TDPS and other key partners.	% of externally mobilized funds utilized			
	To minimize unnecessary losses and resource wastage.	Value for money score			

10.3 IMPLEMENTATION MATRIX – 4

BSC PERSPECTIVE	STRATEGIC OBJECTIVE	MEASURE	BASELINE	2023 TARGET	INITIATIVES
Internal Processes Perspective					
		% of cases prosecuted within 1 year from date of filing			
		% of files investigated within 3 months			
		% of cases prosecuted successfully with convictions			
		% of cases successfully resolved through other mechanisms e.g. ADR			
		Public impact scale			
		% reduction in litigation against KRA			

### 10.3 IMPLEMENTATION MATRIX – 5

BSC PERSPECTIVE	STRATEGIC OBJECTIVE	MEASURE	BASELINE	2023 TARGET	INITIATIVES
	To develop mechanisms for continuous intelligence gathering.	% of policy			
		% of Suo Motto operations acted upon			
	To revamp and streamline internal processes.	Turnaround time on key processes e.g. case preparation, good destruction.			
		Level of Compliance with ISO standards (%)			

### 10.3 IMPLEMENTATION MATRIX – 6

BSC PERSPECTIVE	STRATEGIC OBJECTIVE	MEASURE	BASELINE	2023 TARGET	INITIATIVES
	To elevate ICT to play a more strategic role.	Proportion of automated processes.			
	To institutionalize a core stakeholder management system.	Stakeholder engagement index			
		No. of stakeholders engaged			
		No. of case referrals			
<b>Learning &amp; Growth Perspective</b>					
	To foster a strong results-orientation and customer focus.	Non-compliance trade volumes			
		Performance contracting index			
		Staff retention rate			

### 10.3 IMPLEMENTATION MATRIX – 7

BSC PERSPECTIVE	STRATEGIC OBJECTIVE	MEASURE	BASELINE	2023 TARGET	INITIATIVES
	To further strengthen the organization's core competencies.	Core competency index (%)			
		BSC Index			
	To strengthen team cohesion and entrench the Authority's core values.	Staff retention (% increase)			
		Employee satisfaction index (%)			
		Customer satisfaction index (%)			

## 10.4 PERFORMANCE INDICATOR DEFINITIONS – 1

Measure	Definition
<b>STAKEHOLDER PERSPECTIVE</b>	
<b>1. To transform consumer perception and attitudes towards non-compliance.</b>	
% change in sales of original goods adversely affected by non-compliance	A measure of the effectiveness of awareness and enforcement activities on the volume of non-compliance trade.
% level of visibility	The proportion of the general public that know KRA and understand its mandate and significance.
Non-compliance perception index	A measure of the effectiveness of KRA's awareness activities on consumer attitudes and behaviours towards non-compliance.
Number of non-compliance reports	Number of reports filed on non-compliance goods are brought to KRA's attention.
Response rate on non-compliance reports	The proportion of cases reported at KRA that are ultimately investigated.
<b>2. To ensure ...</b>	
% of reported non-compliant cases accounted for	
<b>3. To build stakeholder capacity</b>	
No. of inspectors at complementary agencies trained	
No. of cases referred to KRA by complementary agencies	
<b>4. To increase ...</b>	
% of annual budget sourced from internally generated sources	
<b>5. To attract resources from development partners</b>	
% of externally mobilized funds	Proportion of funds sourced from development partners and other non-government forces.
<b>6. To minimize unnecessary losses and resource wastage</b>	
Value for money	A measure of the extent to which KRA maximizes the utility of each shilling the public and development partners entrust it with.

Table 12: Performance Indicator Definitions

**10.4 PERFORMANCE INDICATOR DEFINITIONS – 2**

Measure	Definition
<b>INTERNAL PROCESSES PERSPECTIVE</b>	
1. To enhance the efficiency and effectiveness of investigations and prosecution processes	
2. To develop mechanisms for continuous intelligence gathering	
3. To revamp and streamline internal processes	
4. To elevate ICT to play a more strategic role	
5. To institutionalize a core stakeholder management system	

### 10.4 PERFORMANCE INDICATOR DEFINITIONS – 3

Measure	Definition
<b>LEARNING &amp; GROWTH PERSPECTIVE</b>	
<b>1. To foster a strong results-orientation and customer focus</b>	
<b>2. To further strengthen the organization’s core competencies</b>	
<b>3. To strengthen team cohesion and entrench the Authority’s core values</b>	

### 10.5 MONITORING AND EVALUATION REPORTING FRAMEWORK – 1

Strategic Priorities	Strategic Objective	Expected Outcome	KPI	Baseline	3 Year Target	Annual Targets		
						Year 1	Year 2	Year 3
Data driven awareness and enforcement	1. To transform consumer perceptions and attitudes towards non-compliance		% awareness levels					
			Consumer perception index					
			% level of visibility					
	2. To enhance the effectiveness of ...							

Table 13: M&E Framework



## 10.6 FINANCIAL RESOURCES – 1

CODE	STRATEGIC OBJECTIVE	RESOURCE REQUIREMENTS				
		BASELINE ESTIMATES (KES MILLIONS)	PROJECTED ESTIMATES (KES MN)			
			YEAR 1	YEAR 2	YEAR 3	TOTAL
<b>STRATEGIC PRIORITY 1: EXISTING TAXPAYERS SEGMENTATION ENHANCEMENT</b>						
SO1.1	To discover consumer attributes, behaviours and attitudes towards tax and non-compliance.	0.00	0.00	0.00	0.00	0.00
SO1.2	To enhance the efficiency and effectiveness of segmentation and intelligence collection processes.	0.00	0.00	0.00	0.00	0.00
SO1.3	To ensure the security and accountability of firmographic data.	0.00	0.00	0.00	0.00	0.00
SO1.4	To acquire digital tools for continuous intelligence/information gathering.	0.00	0.00	0.00	0.00	0.00
<b>Sub-Total</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>STRATEGIC PRIORITY 2: DATA-DRIVEN TAXPAYER ENGAGEMENT, FACILITATION &amp; ENFORCEMENT</b>						
SO2.1	To Foster	0.00	0.00	0.00	0.00	0.00
SO2.2	To Strengthen	0.00	0.00	0.00	0.00	0.00
SO2.3	To enhance	0.00	0.00	0.00	0.00	0.00
SO2.4	To review	0.00	0.00	0.00	0.00	0.00
<b>Sub-Total</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Table 14: TMS Financial Resources

## KENYA REVENUE AUTHORITY TAXPAYER MAPPING STRATEGY 2019/23

**10.6 FINANCIAL RESOURCES – 2**

CODE	STRATEGIC OBJECTIVE	RESOURCE REQUIREMENTS				
		BASELINE ESTIMATES (KES MILLIONS)	PROJECTED ESTIMATES (KES MN)			
			YEAR 1	YEAR 2	YEAR 3	TOTAL
<b>STRATEGIC PRIORITY 3: ENHANCED STAFF CAPABILITIES THROUGH ORGANISATIONAL HEALTH</b>						
SO3.1	To increase	0.00	0.00	0.00	0.00	0.00
SO3.2	To attract	0.00	0.00	0.00	0.00	0.00
SO3.3	To minimise	0.00	0.00	0.00	0.00	0.00
SO3.4	To revamp and streamline	0.00	0.00	0.00	0.00	0.00
<b>Sub-Total</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>STRATEGIC PRIORITY 4: PURPOSEFUL, FUNCTIONAL &amp; BENEFICIAL STAKEHOLDER RELATIONSHIPS</b>						
SO4.1	To establish a full-time stakeholder Liaison/Coordination Officer.	0.00	0.00	0.00	0.00	0.00
SO4.2	To institutionalize a core stakeholder management system.	0.00	0.00	0.00	0.00	0.00
SO4.3	To evaluate and operationalize a cluster-based collaborative framework for inter-agency and other stakeholder engagements.	0.00	0.00	0.00	0.00	0.00
SO4.4	To adopt a sector-based stakeholder engagement for intellectual property rights owners.	0.00	0.00	0.00	0.00	0.00
<b>Sub-Total</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL (KES MILLIONS)</b>		<b>0.00</b>	<b>0.00</b>	<b>344.33</b>	<b>373.10</b>	<b>1028.72</b>

**Disclaimer**

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# 2019 TAXPAYER 2023 MAPPING

Revenue mobilization and tax-base expansion through; precise, data-driven taxpayer engagement, education, facilitation & intelligence based enforcement.

Kenya Revenue Authority  
P.O. Box 48240-00100  
GPO Nairobi, Kenya  
Email: [info@kra.go.ke](mailto:info@kra.go.ke)  
Telephone: 020 281 0000

Contact Centre:  
020 4999 999, 0711 099 999

[www.kra.go.ke](http://www.kra.go.ke)

