


2026 TRADER'S COMPLIANCE LEDGER: AUDIT DEFENSE RECORD

How to use the KRA Audit Ledger

Step-by-Step: Building Your 2026 Audit Defense



1. Establish Your Legal Foundation

Before recording a single trade, complete the header section to link this ledger to a regulated environment.

- **Primary Broker Entity:** Enter the full legal name of the broker (e.g, TPXMGLOBAL Kenya Limited) rather than just the brand name.
- **CMA Verification:** Ensure you have a certified copy of the broker's CMA license on file as part of your monthly compliance check. 

2. Precision Data Entry





The table columns are structured to satisfy a "Banking Analysis" audit by the KRA.

- **Reference #:** Every entry must include the unique M-Pesa or Bank transaction ID. This  allows an auditor to match your ledger directly to your bank statement.
- **Currency & Exchange Rate:** Because KRA requires reporting in KES, you must record the Amount (USD), the Orig. Currency, and the Exchange Rate at the exact time of the transaction. 
- **The Conversion:** Calculate the final Amount (KES) to ensure your "Realized Profit" matches the tax bands you will eventually report.

3. Mastering the Classification Key

The "Legal Classification" column is the most important part of your defense. You must categorize every shilling to prevent the KRA from taxing your own capital.

Classification Key (For Audit Defense):

-  **Capital Introduction:** Funds moved from taxed income/savings into the broker (Non-taxable).
-  **Capital Return:** Withdrawal of the original principal (Non-taxable).
-  **Realized Profit:** Net gains withdrawn or kept in account (Taxable).
-  **Self-Transfer:** Movement between personal wallets/banks (Non-taxable).

Monthly Compliance Protocol

To ensure this ledger holds up in a legal dispute, you must complete the Compliance Checklist at the end of every reporting period:

Compliance Checklist for March 2026

- Corresponding M-Pesa/Bank statements attached for every entry.
- Broker "Account Statement" PDF attached for the period.
- All Realized Profits matched to the relevant 2026 KRA Tax Band.
- Certified copy of the Broker's CMA License kept on file.

- **Tax Alignment:** Verify that all "Realized Profit" entries are correctly calculated for your annual tax return.
- **Certification:** You must sign and date the record to certify it as a true representation of your trading activity. An unsigned ledger carries significantly less weight during a formal audit.



Pro-Tip for 2026: Treat this ledger as a "living document." If you wait until June to fill it out, you will likely miss the specific exchange rates and reference numbers needed to survive a KRA inquiry.