Cristal Advocates

Uganda's Proposed Tax Changes For The Financial Year 2022/2023

A New Direction

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1. Introduction

Before 15th June 2022, Uganda's national budget for the financial year 2022/2023 will be read by the Minister of Finance, Planning and Economic Development.

It is now a requirement under the Public Finance Management Act ("PFMA 2015") for the government to present the proposed annual budget to Parliament by 1st April of each year for approval by 31st May unlike in the past when budgetary proposals for the year were closely guarded and only revealed on the national budget reading day in June. The tax proposals and allocations were debated well into the start of the financial year which would disrupt planning and revenue collection targets in case some of the proposed measures were rejected by Parliament.

Draft Bills with tax proposals for the financial year 2022/2023 are now available in public domain. These are the:

- The Value Added Tax (Amendment) Bill, 2022;
- The Income Tax (Amendment) Bill, 2022;
- The Excise Duty (Amendment) Bill, 2022;
- The Stamp Duty (Amendment) Bill, 2022;
- The Tax Procedures Code (Amendment) Bill, 2022;
- Tax Procedures Code (Amendment) Bill, 2022;
- The Finance Bill, 2022;
- Uganda Revenue Authority (Amendment) Bill, 2022 ;
- Tax Appeals Tribunal (Amendment) Bill, 2022;
- Traffic and Road Safety (Amendment) Bill, 2022.

These Bills will go through 3 stages of Parliamentary deliberation before assent to by the President to have the force of law. The commencement date for the proposed tax changes is 1st July 2022. Following the enactment of the PFMA 2015, amendments to the tax laws as part of the budget cycle are passed timely. In the past, Uganda Revenue Authority (URA) would rely on an Interim Collection Order issued every year on 1st July of the financial year as stipulated in the Tax and Duties Act, 1963 to embark on the temporary collection of taxes introduced in the Tax Bills that were yet to be passed by Parliament.

This publication discusses the proposed amendments to the tax laws affecting both direct and indirect taxes for the financial year 2022/23 and, where possible, provides initial comments on their potential implications.

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2. Overview of the proposed tax changes

In this snapshot, we provide an outline of the proposed tax changes for the financial year 2022/23. More detail is provided in the rest of this publication.

TAX ISSUE	AMENDMENT
Value Added Tax (VAT)	
Imported services	The Bill seeks to provide for VAT on imported services used by businesses making exempt supplies but it makes reference to a non-existent section in the law.
Public International Organisations	The list of Public International Organisations ("PIOs") under the First Schedule to the VAT Act will be expanded to include the International

	Development Law Organisation ("IDLO"). PIOs are able to claim a refund in respect of the VAT that they incur. - The Department for International Development ("DFID") is to be replaced with the Foreign, Commonwealth and Development Office ("FCDO") representing its merger with the Foreign and Commonwealth Office.
List of VAT exempt supplies	- Oxygen for medical use, assistive devices for persons with disabilities and airport user services are proposed to be added on the list of VAT exempt supplies. - The supply of furnishings and fittings to a hospital facility developer whose investment capital is at least USD 5,000,000 will also be exempted from VAT. - Cotton cake is deleted from the list of VAT exempt supplies and is now subject to VAT at the standard rate of 18%. - Menstrual cups are deleted from the list of exempt supplies but elevated to zero rated status.
List of zero rated supplies	- Menstrual cups and educational materials manufactured in a Partner State of the East African Community are proposed to be added to the list of zero rated supplies.
Income Tax Act (ITA)	
New definitions	- There is a new definition for 'beneficial owner' building on the 2019 and 2021 revisions in the law. This definition is relevant in the case of claims to relief under double tax treaties. - The definition of charitable organisation is to be expanded to cover research institutions whose object is not for profit.
Tax on rental income	- For the umpteenth time, the law relating to the taxation of rental income is proposed to be amended again. - There is a ceiling on deductible expenses on rental income for non-individual taxpayers. Only 50% expenditures and losses of the rental income earned can be deducted in a year of income with any unutilised expenditures carried forward to the subsequent year of income. Individuals and partnerships will not be allowed

	Individuals and partnerships will not be allowed any deduction of expenditure on their rental income. The law however proposes to reduce the rate of rental tax for individuals from 30% to 12%.
Income tax exemptions	The tax holiday granted to the Bujagali Hydro Power project is to be extended by 5 years to 2027 from 30th June 2022. Exemptions are to be provided to manufacturers and hospital facility developers who have invested in Uganda for 10 years or more depending on the investment capital.
Transportation income earned by non-resident persons	Income earned by non-resident persons from the transportation of passenger, cargo or mail embarking from outside of Uganda is not to be treated as Uganda source income and thus not subject to taxation in Uganda.
Amortisation of intangible assets in petroleum exploration	If the cost of acquiring an intangible asset is treated as petroleum exploration expenditure, the same shall be amortised at the rate of 100%.
Payment of mining or petroleum revenues and other taxes	Mining or petroleum revenues and other taxes charged in any assessment are to be payable on the due date of furnishing a return. Previously, revenues and other taxes were payable within 7 days after the due date for furnishing a return.
Penalty for failure to file a tax return by a petroleum or mining licensee	A higher penalty for taxpayers in the mining and petroleum sector who fail to file their income tax returns timely is proposed. The licensee will be liable to a penalty of not less than United States Dollars ("USD") 50,000 and not exceeding USD 500,000. Other taxpayers are liable to a penal tax of 2% of the tax payable under the return or 10 currency points per month, whichever is higher.
Definition of a business asset for withholding tax purposes	Previously, what amounted to a business asset for the purposes of deduction of withholding tax from the consideration paid to a seller by the purchaser was not defined. The Bill now proposes to define the business asset as land, the whole or any part of the land, which is used or held for use in any business except land held as trading stock. It also includes land that is used in business to generate income other than land of an individual that is subject to rental tax or land owned by a company, trust or partnership.

Exemption from withholding tax on sale of a business asset	The Bill proposes to exempt sellers of business assets from withholding tax where the seller of an asset is one who the Commissioner is satisfied has regularly complied with the obligations imposed on that person under the Income Tax Act (“ITA”) or on the disposal of any property by means of gift, bequest, devise or inheritance that does not generate a gain included in the business, employment or property income.
Excise Duty Act	
Definitions	The Bill introduces definitions for fruit juice, undenatured spirits and vegetable juice. The definitions are intended to offer guidance for the classification of these items for purposes of determining the applicable excise duty.
Reduction in rates	The duty payable for opaque beer and locally produced non-alcoholic beverages is reduced.
Duty payable for undenatured spirits	The Bill proposes to charge duty on undenatured spirits depending on the alcoholic strength.
Exemption from duty	Fruit juice and vegetable juice, a percentage of which is from fruits and vegetables grown locally, are proposed to be exempted from excise duty.
Re-imposition of duty	The Bill seeks to reintroduce duty payable on polythene bags and sacks except for vacuum packaging bags for food, juices, tea and coffee sacks and bags for direct use in the manufacture of sanitary pads.
International calls	It is proposed to include the United Republic of Tanzania in the list of countries to which an exemption to excise duty on incoming international calls applies in line with the duty chargeable on calls from Kenya, Rwanda and South Sudan.
Clarification	Clarifies on fermented beverages from locally produced raw materials.
Stamp Duty Act	
Stamp duty exemptions	Agreements relating to deposit of title, deeds, pawn pledge are proposed to be exempted from stamp duty. Instruments relating to security bond or mortgage deed executed by way of security for the

	for the due execution of an office, or to account for money or other property received by virtue of security bond or mortgage deed executed by surety to secure a loan or credit facility are proposed to be exempted from stamp duty.
Stamp duty on trusts	- Stamp duty of UGX 15,000 is proposed to be payable on all chargeable instruments in relation to the transfer of any property made by any writing including a transfer from a holder of letters of administration or probate orders to a beneficiary to a trust.
Strategic investment projects	- The minimum investment capital for manufacturers with the capacity to use at least 70% locally produced raw materials and employing at least 70% citizens with an aggregate wage of at least 70% of the total wage bill is reduced. This is intended to ensure that more manufacturers qualify as undertaking a strategic investment project to qualify for the exemption from stamp duty.
Stamp Duty Act	
Duration of registration of a tax agent	- Registration of a tax agent is to remain in force from the date of issuance of a certificate of registration to 31st December every calendar year. This amendment changes the initial period in which the registration remained in force for twelve months from the date of registration.
Tax stamps	- A penalty is to be imposed for a taxpayer that fails to activate a tax stamp on the prescribed goods under the Act. In 2017, the Tax Procedure Code Act was amended to include affixing of tax stamps on certain goods and a penalty created for failure to do so. The Bill proposes to widen the penalty to include failure to activate a tax stamp.
Temporary closure of business	- The reasons for the temporary closure of business by the URA are broadened to include failure to comply with e-receipting or invoicing and tax stamps. This is intended to ensure compliance by taxpayers with the electronic systems and avoid tax avoidance. - Provision is also made for the removal of the temporary closure upon compliance with the e-receipting/invoicing and tax stamps.

Disclosure of contractors	It is now a mandatory requirement for persons engaged in the construction or extractives industry to disclose to the commissioner the persons contracted within 7 days. A penalty is imposed for non-disclosure.
Penalty for making false or misleading statements	The fine for making false or misleading statements is to be increased from UGX 4,000,000 to UGX 110,000,000
Offenses	New offenses are created the majority of which relate to failure to comply with the requirements on tax stamps and e-receipting or invoicing under the Act.
Amendment on payment of informers	It is proposed that informers who provide information that leads to the identification of any unassessed tax or duty shall be rewarded with the lesser of either 1% or Ugx. 15,000,000 of the duty or tax assessed A further payment of 5% or Ugx. 100,000,000, whichever is less, is proposed to be rewarded to any person who provides information leading to the recovery of an unassessed tax or duty.
The Finance Act	
Amended and repealed Acts	The Bill intends to amend the Finance Act, 2016, the Finance Act 2015, the Finance Act, 2014, the Finance Act, 2013, the Finance (Amendment) Act, 2010, the Finance Act, 2009, the Finance Act, 2008, the Finance Act, 2006, the Finance (No 2) Act, 2005, the Finance Act, 2005 and to specifically repeal the Finance Act, No 6 of 2012.
Traffic and Road Safety Act	
Definition, the period for imposition of environmental levy, Minister's powers, and amendment of the 4th Schedule	The Bill proposes a new definition for Commissioner to mean the Commissioner responsible for Transport ad Regulation Safety. Environmental levy to be imposed by reference to the year of manufacture of a motor vehicle as opposed to date. Some powers of the Minister of Works and Transport to make regulations are to be repealed.

Other amendments	
Uganda Revenue Authority Act	- Grants the Minister of Finance Planning and Economic Development the power to amend, by statutory instrument, the first and second schedules of the Act. - Grants the Board of Directors of URA the power to appoint officers at the level of assistant commissioner or higher.
Tax Appeals Tribunal Act	- The Bill proposes increasing the Tribunal's membership from 5 to 9.

3. Value Added Tax (Amendment) Bill, 2022

The Value Added Tax (Amendment) Bill, 2022 proposes changes to the VAT Act Cap 348 ("VATA") as set out below.

a. VAT treatment of imported services

The law seeks to provide for VAT on imported services by businesses making exempt supplies though it makes reference to a non-existent provision in the VATA. It is unclear what this amendment aims to achieve considering that the law already taxes everyone that imports services in Uganda unless the import in question is listed as an exempt supply under the second schedule to the VATA.

b. Amendment of the First Schedule - Public International Organisations

PIOs listed under the First Schedule of the VAT Act are entitled, under section 45, to a refund of the input tax that they incur. The list of PIOs is proposed to be expanded to include IDLO but also seeks to replace DFID with FCDO. DFID was recently merged with the Foreign and Commonwealth Office to create FCDO.

c. Amendment of the Second Schedule - Exempt supplies

VAT exemption removes the requirement for the supplier to charge VAT, but generally restricts the ability to recover input VAT. Vendors would therefore pass on the cost of the unrecoverable input VAT to their customers potentially making their sales more expensive. The following items have been added to the VAT exempt category under the second schedule to the VAT Act.

- Oxygen for medical use;
- Assistive devices for persons with disability;
- Airport user services charge by the Civil Aviation Authority and Furnishings and fittings to a hospital facility developer whose investment capital is at least USD 5,000,000. Previously, this exemption was only applicable to a hospital facility at the level of a national referral hospital.
- Cotton seed cake and menstrual cups are proposed to be removed from the exempt supplies list.
- Cotton seed will be subject to VAT at the standard rate of 18% while menstrual cups will be elevated to the preferential zero rated status.

d. Amendment of the Third Schedule - Zero-rated supplies

Supplies of goods and services which are zero-rated enable the supplier to recover input VAT incurred which is a key difference from VAT exemption. Only two changes are proposed to the list of zero-rated goods and services in the Third Schedule. Menstrual cups and educational materials manufactured in a Partner State of the East African Community will become zero rated supplies for VAT purposes.

4. Income Tax (Amendment) Bill, 2022

The Income Tax (Amendment) Bill, 2022 proposes various changes to the Income Tax Act 340 ("ITA").

a. Revision of definitions

The Bill seeks to revise the definition of a beneficial owner and exempt organization. A beneficial owner is defined to mean a natural person who ultimately owns or controls a customer or a natural person on whose behalf a transaction is conducted, including a person who exercises ultimate control over a legal person or arrangement. The Bill clarifies the beneficial owner in relation to a legal person to include:

- the natural person who either directly or indirectly holds at least 10% shares or voting rights;
- the natural person exercising control of the legal person through other means including personal or financial superiority; or
- the natural person who has the power to make or influence a decision of the legal person.

The foregoing definition is relevant because reliefs under international agreements (mainly double tax treaties) are not be available unless the claimant is the beneficial owner of the relevant income.
The definition of an exempt organization is also proposed to be revised to include research institutions whose object is not for profit as being eligible for the income tax exemption under Section 2(bb) of the ITA.

b. Taxation of rental income

In 2021, the ITA was amended to provide for a uniform rate of taxation of 30% in relation to the rental income that is earned by both individual and non-individual taxpayers. Section 22 of the ITA was further amended to allow 75% of the rental income as expenditures and losses incurred by a person in the production of the rental income. The interpretation of this provision had been contentious.
For the umpteenth time in over 4 years, the ITA rental income provisions are proposed to be amended as outlined below.

- Deductible expenses for non-individuals
  There is a ceiling on deductible expenses on rental income for non-individual taxpayers. Only 50% expenditures and losses of the rental income earned can be deducted in a year of income with any unutilised expenditures carried forward to the subsequent year of income.

- Individual and Partnership
  Individuals and partnerships will not be allowed any deduction of expenditure on their rental income. The law however proposes to reduce the rate of rental tax for individuals from 30% to 12%.

c. Expansion of exempt income

In 2017, Bujagali Hydro Power project was granted an exemption from income tax for a period of 5 years that lapses on 30th June 2022. The Bill proposes to extend the exemption again for another 5 years up to 30th June 2027. The tax holiday was granted by the government in a bid to reduce the cost of power from the project supplied to the national grid.
The Income Tax (Amendment) Bill of 2022 additionally proposes to exempt the income of the following categories of investors.

- Manufacturers with an investment capital of at least USD 35,000,000 for a foreigner and USD 5,000,000 for citizens. This is further qualified with the requirements that the investor should have the capacity to source at least 50% of the locally produced raw materials, if available, and the capacity to employ a minimum of 100 citizens.

- Hospital facility developers who have invested in Uganda at least USD 5,000,000.

The above investors ought to have invested the above investment capital in Uganda for a period of 10 years or more from the date of commencement of business.

d. Taxation of non-resident transportation income

Income from the transportation of cargo, passengers or mail embarking outside Uganda is proposed to be relieved from taxation. The Bill affirms that such income is not sourced from Uganda.
The interpretation of the erstwhile provision of the law has been contentious with both the URA and taxpayers at variance. Most recently, URA wrote to fuel importers, logistics and transportation companies demanding that they pay 15% tax on foreign transport charges incurred on their imports. The oil marketers in Uganda then petitioned the Minister of Finance, Planning and Economic Development over the actions of the URA and this revision in the law is anchored on this petition.

e. Amortization of intangible assets in petroleum exploration

The rate of amortization of the cost of acquiring an intangible asset, which is petroleum exploration expenditure, is to be 100%. Amortization of intangible assets is the process of expensing the cost of an intangible asset over the projected life of the asset for tax purposes. The amendment seeks to allow as a deduction the cost of acquisition of an intangible asset expended during petroleum exploration. This is an incentive intended to attract investment in Uganda's oil and gas sector.

f. Due date of payment of mining or petroleum revenues and other taxes

Mining or petroleum revenues and other taxes charged in any assessment are to be payable on the due date of furnishing the return. Previously, section 89P (a) provided that the revenues and other taxes were payable within 7 days after the due date for furnishing a return.

g. Penalty for failure to file a tax return by a petroleum licensee

The Bill introduces a higher rate of penalty payable by licensees in the petroleum and mining sectors for failure to furnish returns timely that is different from the penalty payable by taxpayers in other sectors of the economy. The penalty of a licensee is capped to USD 500,000 with a floor of USD 50,000 while other taxpayers pay a penal tax of 2% of the tax payable under the return or 10 currency points per month, whichever is higher.

h. Definition of business asset to which withholding tax is applicable

The ITA imposes an obligation on a resident person who purchases a business asset to withhold tax but did not previously define what amounted to a business asset.

The Bill now proposes to define a business asset as land, the whole or any part of the land, which is used or held for use in any business except land held as trading stock. It also includes land that is used in business to generate income other than land of an individual that is subject to rental tax or land owned by a company, trust or partnership.

The Bill proposes to exempt sellers of business assets from withholding tax where the seller of an asset is one who the Commissioner is satisfied has regularly complied with the obligations imposed on that person under the ITA or on the disposal of any property by means of gift, bequest, devise or inheritance that does not generate a gain included in the business, employment or property income.

i. Expansion of listed institutions

The First Schedule of the ITA sets out listed institutions whose income is exempt from tax under section 21. These institutions include regional and international development institutions such as development banks and funds. The Bill proposes to add the IDLO and substitute DFID with FCDO as discussed under 3(b) above.

5. The Excise Duty (Amendment) Bill, 2022

The Excise Duty (Amendment) Bill 2022 proposes amendments to the Excise Duty Act 2014 as follows.

a. Definitions

The Bill introduces definitions for fruit juice, un-denatured spirits and vegetable juice. These definitions help further guide the classification of these items for purposes of determining the applicable excise duty.

- Fruit juice is defined as unfermented liquid extracted from the edible part of a fresh fruit whether the extracted liquid is diluted or not.
- Un-denatured spirits are defined as spirits that are not mixed with any substance to render the spirit unfit for human consumption or capable of being rendered unfit for human consumption, including neutral spirits or alcoholic beverages made from neutral spirits that are fit for human consumption.
- Vegetable juice is defined as unfermented liquid extracted from the edible part of a vegetable whether the extracted liquid is diluted or not.

b. Duty rate changes

The Bill proposes revisions in the excise duty rates as set out in the table below

Item	Description	New duty rate
2d	Opaque beer	Higher of 12% or Ugx. 150 per litre
3a	Un-denatured spirits of alcoholic strength by volume of 80% or more made from locally produced raw materials	60% or Shs. 1500 per litre whichever is higher
3b	Un-denatured spirits of alcoholic strength by volume of 80% or more made from imported raw materials	100% or Shs. 2500/= per litre whichever is higher
3c(i)	Any other un-denatured spirits— that is locally produced of alcoholic strength by volume of less than 80%; or	100% or Shs. 2500/= per litre whichever is higher
3c(ii)	Any other un-denatured spirits— that is imported of alcoholic strength by volume of less than 80%	100% or Shs. 2500/= per litre whichever is higher
3(d)	Un-denatured spirits made from locally produced raw materials that is used in the production of disinfectants and sanitizers for the prevention of the spread of COVID-19 of alcoholic content by volume not less than 70%	Nil

Item	Description	New duty rate
5(b)	Fruit juice and vegetable juice, except juice made from at least 30% pulp or at least 30% juice by weight or volume of the total composition of the drink from fruits and vegetables locally grown.	12% or Shs. 250 per litre, whichever is higher.
5(d)	Any other non-alcoholic beverage locally produced other than the beverage referred to in paragraph (a) made out of fermented sugary tea solution with a combination of yeast and bacteria	100% or Shs. 2500/= per litre whichever is higher
11	Sacks and bags of polymers of ethylene and other plastics under HS codes 3923.21.00 and 3923.29.00 except vacuum packaging bags for food, juices, tea and coffee sacks and bags for direct use in the manufacture of sanitary pad	40% or 4000/= per kilogram whichever is higher
25(b)	Any other fermented beverages including cider, perry, mead or near beer produced from locally grown or produced raw materials	30% or shs 550 per litre whichever is higher
26	Construction materials of a manufacturer, other than a manufacturer referred to in item 21, whose investment capital is, at least thirty five million United States Dollars in case of a foreigner or five million United States Dollars in the case of a citizen	Nil

- ***Telecommunication services under item 13***

The Bill proposes to include the United Republic of Tanzania in the list of countries to which an exemption to excise duty on incoming international calls applies under item 13 (g). The other countries listed thereunder are the Republic of Kenya, the Republic of Rwanda and the Republic of South Sudan.

6. The Stamp Duty (Amendment) Bill 2022

The Stamp Duty (Amendment) Bill, 2022 proposes amendments to the Stamps Duty Act 2014 providing for the following changes.

a. Stamp duty exemptions

The Bill seeks to remove stamp duty on the two items below under the second schedule

Item	New Stamp Duty Rate	Old Stamp Duty rate
Agreement relating to deposit of title- deeds, pawn pledge – of the total value	Nil (0)	1%
Security bond or mortgage deed- executed by way of security for the due execution of an office, or to account for money or other property received by virtue of security bond or mortgage deed executed by surety to secure a loan or credit facility– of entry total value	Nil (0)	1%

b. Stamp duty on trusts

Item 63 of the second schedule of the Stamp Duty Act provides for the stamp duty rate applicable to trusts. The stamp duty currently applicable on chargeable instruments in relation to the transfer of property in writing not being a will to a trust is UGX. 15,000. The Bill now proposes to expand the reach of this stamp duty rate to all chargeable instruments in relation to the transfer of any property made by any writing including a transfer from a holder of letters of administration or probate orders to a beneficiary to a trust.

c. Strategic investment projects

The Stamp Duty Act exempts certain strategic investment projects from stamp duty on chargeable instruments One such investment project is a manufacturer, other than an operator of a free zone, industrial park and others listed under item 60A (b), with the capacity to use at least 70% of locally produced raw materials and employs at least 70% citizens with an aggregate wage of at least 70% of the total wage Bill.

Currently, the Stamp Duty Act requires the new manufacturer to have investment capital of at least USD 50,000,000 and an existing one to make an additional investment of the same amount. The Bill seeks to reduce this capital investment to USD 35,000,000.

7. Tax procedure code (Amendment) Bill 2022

The proposed amendments to the Tax Procedure Code Act, 2014 ("TPC") are as follows:

a. The duration of registration of a Tax Agent.

The Bill proposes an amendment to section 9(4) of the TPC, to alter the duration for which the registration of a tax agent remains in force. The registration of a tax agent is proposed to remain in force from the date of issue of the certificate of registration to 31st December every calendar year as opposed to running for a 12-month duration from the date of registration.

b. Tax stamps

A penalty is to be imposed for a taxpayer that fails to activate a tax stamp on the prescribed goods under the Act. In 2017, sections 19A and 19B were inserted in the TPC introducing the requirement to affix tax stamps on certain excisable goods whether locally manufactured or imported. Digital tax stamps were rolled out in 2019 applying to goods like tobacco products, beer, soda, water, spirits and wine.

c. Temporary closure of business.

Section 33 of the TPC Act makes provision for the temporary closure of business for default of payment of tax that is due and payable. The Bill seeks to expand the reasons for the temporary closure of business to include failure to comply with e-receipting or e-invoicing and tax stamps. This is intended to ensure compliance by taxpayers with the electronic systems, digital tax stamping and avoid tax avoidance.

Provision is also made for the removal of the temporary closure of business upon compliance with the e-receipting or e-invoicing and tax stamps.

d. Disclosure of contractors

A mandatory requirement to disclose information for persons engaged in the construction or extractives industry is proposed by the Bill under section 42 of the TPC Act. Persons in the construction or extractives industry will be required to inform the Commissioner of the persons contracted during the performance of their duties or business within 7 (seven) days from the date of signing the contract. Failure to comply with this requirement will result in liability to pay a penalty of Ugx. 20,000,000.

e. Penalty for making false or misleading statements

The fine, on conviction, for knowingly or recklessly making false or misleading statements or omitting any matter to a tax officer is to be increased from Ugx. 4,000,000 to Ugx. 110,000,000.

f. Offences

The Bill proposes creation of new offences after section 62A, the majority of which relate to failure to comply with the requirements on digital tax stamps and e-receipting or invoicing. These offences are failure to affix or activate tax stamps on the prescribed goods, defacing or printing over a tax stamp affixed to prescribed goods, forgery or being in possession of a forged tax stamp, failure to issue an e-invoice or e-receipt by a taxpayer mandated to do so, forgery of an e-receipt or e-invoice or being in its possession, unauthorised interference with the software or hardware of an electronic fiscal device or electronic dispensing control device and other offences relating to automatic exchange of information such as failure to file an information exchange return.

Upon conviction, the person is liable to a fine not exceeding Ugx. 30, 000,000 (save for offences relating to automatic exchange of information whose fine is Ugx. 50,000,000) or imprisonment not exceeding 10 years or both. These offences are intended to compel taxpayers to comply with the requirements on digital tax stamps and e-receipting or e-invoicing.

g. Amendment on payment of informers.

The Bill proposes an amendment to Section 74A on payment of informers, wherein the Commissioner shall pay the lesser of either 1% or Ugx. 15,000,000 of the duty or tax assessed to any person who provides information leading to the identification of an unassessed tax or duty. It further proposes a payment of 5% or Ugx. 100,000,000, whichever is less, to any person who provides information leading to the recovery of an unassessed tax or duty. It should be noted that the amendment excludes the application of this provision to the staff of URA.

8. The Finance Bill 2022

The Bill is intended to amend the Finance Act 2016, the Finance Act 2015, the Finance Act 2014, the Finance Act 2013, the Finance (Amendment) Act 2010, the Finance Act 2009, the Finance Act 2008, the Finance Act 2006, the Finance (No 2) Act 2005, and the Finance Act 2005 and to repeal the Finance Act No 6 of 2012.

a. The Finance Act 2016

This Act addresses changes in certain taxes and duties and revises the non-tax revenues related to services and documents under the Traffic and Road Safety Act Cap 361. Related to the proposed Bill is section 4 of the Finance Act 2016 which revised fees that were payable under the Finance Act and inserted a schedule for the applicable new fees. Section 2 of the Bill amends the Finance Act 2016 and repeals the Act's section 4 and its corresponding schedule.

b. The Finance Act 2015

This Act revised several fees payable under the following sections. Section 3 of the Act amended Part 1 of Schedule 1 of the Finance Act of 2013 by providing for new fees payable while applying for a passport. Section 4 on the other hand amended the Uganda Citizenship and Immigration Control (Fees) Regulations by providing for new fees payable on the application for a single-entry visa. The Act under section 5 amended Part II of Schedule 1 of the Finance Act 2014 by introducing a non-refundable prepayment fee while applying for a work permit. Section 6 dealt with fees payable under sections 70 and 106(5) of the Traffic and Road Safety Act for annual operator licenses in respect of vehicles and vessels. The Bill repeals the above sections making the fees thereunder inapplicable.

c. The Finance Act 2014

Like the Finance Act 2015, this Amendment changed certain taxes and duties payable to the government under several laws. Section 4 of the Finance Act 2014 amended the first schedule of the Finance Act 2013. Under section 4(a) of the Act, new fees payable for retention licenses, location licenses and exploration licenses under the Mining Act 2003 were prescribed in Ugandan shillings.
Section 4(b) on the other hand, provided for new substituted fees chargeable under the Uganda Citizenship and Immigration Control Act, Cap 66 specifically under Part II. These fees were in US dollars and were prescribed according to the class of the work permit and the period for which the permit was to be valid. With the proposed Finance (Amendment) Bill 2022, the above sections will be repealed.

d. The Finance Act 2013

The Bill seeks to repeal the following sections of the Act.
Section 2 of the Finance Act 2013 amended Part II of the First Schedule to the Finance Act 2006 as initially amended by the Finance (Amendment) Act 2010. This section prescribed fees payable for certification of copies of the record, registration fees for motorcycles, and registration fees for different types of motor vehicles based on engine and seater capacity.

Section 5 of the Act revised the different fees payable under specified enactments as were listed in Schedule 1 to the Act. The enactments listed in Schedule 1 and affected included the Business Names Registration Act Cap. 109, the Cattle Traders Act Cap. 109, Mining Act, 2003, Hide and Skin Trade Act Cap 89, the Registration of Titles Act Cap. 230 among others.

e. The Finance Act, 2006 (Amendment) Act 2012

The enactment has one section and is aimed at varying the rates charged on an engineering plant and other related vehicles. Section 1 of the Act amended Item 30(h) in the first schedule of the Finance Act 2006 by prescribing new fees payable on an engineering plant and other related vehicles. The Bill seeks to repeal the entire Act.

f. The Finance (Amendment) Act No. 22 of 2010

The enactment was meant to reduce registration fees for motor vehicles among others and section 2 thereof amended the first schedule to the Finance Act 2009 by providing new fees payable while registering a motorcycle. The amendment Bill proposes to repeal these fees therein.

g. The Finance Act 2009

The Act intended among others to amend the Finance Act, 2006 by replacing the First and Second Schedules. Under section 5 (a) thereof, revised fees for the First Schedule in respect of services and various documents under the Traffic and Road Safety Act, 1998 were spelled out and paragraph (b) of section 5 to the Act revised fees in the Second Schedule with respect to environmental levies. The Bill seeks to repeal this provision of the Act.

h. The Finance Act No.18 of 2008

The Bill seeks to repeal section 3 of the Act, which amended the Finance Act 2006, by providing for revised fees payable for services and various documents under the Traffic and Road Safety Act 1998 in the First Schedule and revised environmental levies under its Second Schedule.

i. The Finance Act No. 32 of 2006

The proposed amendment affects section 1 and the First Schedule to the Act which prescribed fees payable under the Traffic and Road Safety Act in respect of licenses and services as listed within the schedule. Section 10 of the Financial Amendment Bill 2022 seeks to repeal section 1 and the corresponding First schedule to the Act.

j. The Finance Act (No.2) Act No. 12 of 2005

The Bill proposes to repeal section 3 of the Act which introduced revised fees payable for licensing different motor vehicles and registration of various documents and services.

k. The Finance Act No.2 of 2005

Section 2 and the First Schedule of this Act are affected by the proposed Bill. The said section sought to amend the Second Schedule to the Finance Act 2003 by replacing it with the current First Schedule which provided for fees payable for licensing and registration of various documents and services under the Traffic and Road Safety Act 1998. With the proposed amendment, section 12 to the Bill repeals the above section and its corresponding First Schedule. This means new fees will be required after 1st July 2022.

9. Traffic and Road Safety (Amendment) Bill 2022

The proposed amendments in the Traffic and Road Safety Act Cap 361 are as follows.

a. Definition

The Bill proposes a new definition for Commissioner to mean the Commissioner responsible for Transport Regulation and Safety.

b. Environmental levy

Environmental levy to be imposed from the year of manufacture of a motor vehicle as opposed to the date. Sections 14A and 14B of the Act were introduced by the Traffic and Road Safety (Amendment) Act 2018 prohibiting the importation of vehicles that are fifteen (15) years old from the “date” of manufacture. Section 14B (1) imposed an environmental levy on any vehicle which is nine (9) years old or more from the “date” of manufacture. The Bill amends subsection (1) of sections 14A and 14B of the Principal Act respectively by replacing the word “date” wherever it appears with the word “year”. This implies that when assessing whether a vehicle attracts an environmental levy or not, such assessment shall be from the year of manufacture as opposed to the date of manufacture.

c. Powers of the Minister

The powers of the Minister of Works and Transport to make regulations relating to council meetings are to be repealed.

10. Other Amendments

a. The Uganda Revenue Authority (Amendment) Bill 2022

The Uganda Revenue Authority (Amendment) Bill, 2022 proposes amendments to the Uganda Revenue Authority Act Cap 196 as follows. The Bill proposes to accord the Minister powers to amend both the First and Second Schedules to the Act as opposed to only the First Schedule as under Section 3. It also grants the board of directors of URA the powers to appoint officers at the level of assistant commissioner or higher.
b. The Tax Appeals Tribunal (Amendment) Bill 2022

The Bill proposes to increase the number of members of the tribunal from 5 (five) to 9 (nine).

Contacts For This Publication

Denis Yekoyasi Kakembo
dkakembo@cristaladvocates.com
+256 751 834 168

Denis is the Managing Partner at Cristal Advocates where he also leads the energy and tax practice. He is qualified both as a lawyer and Chartered Accountant with vast experience serving various industries in Sub Sahran Africa. Before joining Cristal Advocates, he had worked for close to 10 years with Deloitte and Touche where he started his career and rose to senior managerial positions.

At Deloitte, he lived and worked in uganda, Kenya, Tanzania and the United Kingdom for over 6 years and subsequently beame the firm's chief of staff for the energy and resources industry group seeing him play a lead advisory role in Uganda, Kenya, Tanzania, Mozambique, South Sudan, Somalia and Ethiopia.

Denis is widely published and a regular commnetator in the local, regional and international media and a speaker at various forums regarding the taxation and financing of energy projects as well as the protection of large capital projects withing the framework of international investment law.

He holds a Master of Laws degree in Petroleum Taxaton and Finance from the University of Dundee in the United Kingdom, a Post Graduate Diploma in Legal Practice and a Bachelor of Laws Degree from Makerere University.

Bill Page
bpage@cristaladvocates.com

Bill is a Senior Advisor with Cristal Advocates. He has concentrated on working with energy companies with a particular focus on cross border transactions and M&A since 1989 and is a leading global oil and gas and tax practitioner with wide international experience. Between 1986 and 1998, he worked in London with the UK tax authorities and Big Four accounting firms. From 1998 to 2004, he was based in Kazakhstan working across the Caspian region with Deloitte. He was in the region at the time it was developing its infrastructure for crude oil production with international investment following the collapse of the Soviet Union.

From 2004 to 2008, he worked in Russia where he led Deloitte's oil and gas industry group and established Deloitte's office in Sakhalin. He moved to East Africa in 2009 leading Deloitte's energy and resources industry group in Uganda, Kenya, Tanzania, Rwanda, Ethiopia and Mozambique.

Bill is a graduate of Oxford University and completed his inspectors' training with the UK Inland Revenue in 1989.

Lilian Arinda
larinda@cristaladvocates.com

Lilian is a Legal Associate at Cristal Advocates. She holds a Bachelor of Laws from Makerere University, a Post Graduate Diploma in Legal Practice from the Law Development Centre and is currently pursuing a Post Graduate Diploma in Tax and Revenue Administration

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Contact us

Cristal Advocates
32 Lumumba Avenue
4th Floor, Padre Pio House
Lumumba Avenue

P.O. Box 1769 Kampala, Uganda
Tel: +256 (414) 671 274
Email; admin@cristaladvocates.com
www.cristaladvocates.com