Grant Thornton

Tax

Governance

Stakeholders

Uganda Budget 2022

15 June 2022

Audit | Tax | Advisory

Range of Services

Audit and assurance

- Financial statements audit
- Report on internal controls
- Review report/engagements
- Agreed upon procedures
- Special attestation services
- Project audits and donor support

Tax Compliance

- Preparation and filing provisional and final tax returns
- Direct and indirect tax compliance
- Tax position reconciliation services
- Return examination services
- Payroll tax compliance
- Tax registration services
- Tax advisory services

Tax Consulting

- Transfer pricing
- International tax consulting
- Tax health check
- Tax opinion
- Tax planning and restructuring
- Dispute resolution
- Tax due diligence
- Tax litigation
- Exemptions, Refunds, Objections management and revenue audit management

Transaction Services

- Debt advisory
- Business Valuations
- Mergers & Acquisitions
- Financial due diligence

Business Consulting Services

- Business process reviews
- Enterprise Resource Planning (ERP) implementation
- Feasibility studies
- Transfer pricing studies
- Business transformation
- Operations improvement

Business Risk Services

- Internal audit
- AML/CFT compliance audit
- Regulatory services
- Risk modeling services

Forensic Investigation Services

- Forensic investigations
- Digital forensics
- Cybercrime
- Accounting irregularity/ misconduct
- Expert dispute resolution and advisory

Human Resource Solutions

- Salary survey
- Recruitment
- HR manuals/handbooks
- Performance management
- Outsourced HR services

Corporate Secretarial

- Company Incorporation/ entity setup
- Secretarial compliance and consulting
- Liquidations
- Agreements and MOUs
- Business licenses
- Work permit processing

Information Technology (IT) Advisory

- IT audit
- Cyber security
- IT security awareness training
- Data privacy compliance audit
- ICT post-implementation review
- ICT projects assurance
- Mobile & application security testing
- IT compliance framework verification
- IT policy review

Business Process Solutions

- Book keeping/financial accounting
- Monthly compliances
- Payroll and personnel administration
- Fund Management
- Compilation of financial statements
- Electronic Fiscal Receipting & Invoicing Solution (EFRIS)
- Virtual CFO

Contents

Section	Page
Introduction	1
Economic Review	2
FY 2022/23 Budget	6
Sectoral Analysis	7
The Income Tax (Amendment) Act, 2022	17
The Value Added Tax (Amendment) Act, 2022	21
The Excise Duty (Amendment) Bill, 2022	24
The Stamp Duty (Amendment) Act, 2022	27
The Tax Appeals Tribunal (Amendment) Act, 2022	27
Tax Procedures Code (Amendment) Act, 2022	28

"This Grant Thornton Budget analysis provides commentary designed to assist you in navigating the increasing complexities of the tax environment. Across the world it is clear that tax authorities are increasingly learning from, and working with, each other in their quest for higher tax yields. This places more onus on taxpayers to report and be accountable for tax liabilities. Grant Thornton's global network of tax specialists work together to ease the burden on you and your business and to provide practical solutions in support of your growth ambitions."

Introduction

The Ugandan Budget Statement was delivered by Honourable Matia Kasaija, Minister of Finance, Planning and Economic Development on June 14, 2022. The theme for the FY 2022/23 national budget is **"Full Monetization of Uganda's Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access."**

Anil Patel
Managing Partner
Grant Thornton Uganda

FY 2021/22 was the second year of implementation of the NDP III (National Development Plan III) but the budget was hampered by the COVID 19 pandemic which resulted into another lockdown in June and July 2021 just as the budget came into effect. Global and domestic supply chain disruptions further contracted economic activity and resulted in a decline in consumer demand, employment opportunities and per capita incomes.

Nonetheless, this financial year comes in light of major milestones in the economy including;

- The signing of the Final Investment Decision (FID) in February 2022
- The increase of the country's GDP per capita from USD 889 in FY 2018/2019 to USD 1,046 in FY 2021/22 not only surpassing the NDP III target of USD 1,006 but also transiting Uganda to middle income status.
- Commencement of the 6th EAC Development Strategy (2021/22-2025/26) which aims to transform the community into a stable, competitive, and sustainable lower-middle income region by 2030.
- The addition of the Democratic Republic of Congo to the East African Community in March 2022
- Parish Development Model launched by the President in February 2022

With these in mind, the government will proceed with achieving it NDP III objectives albeit the challenges affecting the economy both on a global and national scale. The five objectives/clusters of the NDP III programme are as follows;

i) Strengthen the role of the State in guiding and facilitating development
ii) Consolidate and increase the stock and quality of productive infrastructure
iii) Enhance value addition in key growth opportunities
iv) Enhance the productivity and social well-being of the population
v) Strengthen the Private Sector capacity to drive growth and create jobs

These five objectives serve as the basis for the budget allocations this year with each objective covering different sectors. As such, the total national budget for FY 2022/23 is Ushs 48.1 trillion. This will predominantly be funded through the following means;

- Domestic Revenue – Ushs 25.55 trillion
- Domestic Borrowing – Ushs 4.97 trillion
- Budget Support – Ushs 2.61 trillion
- External Financing – Ushs 6.72 trillion
- Domestic Debt Refinancing – Ushs 8.01 trillion

Economic Review

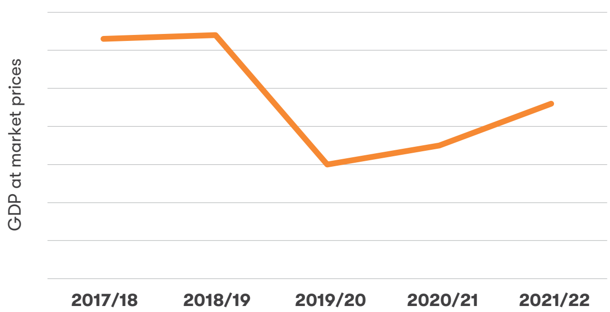
Macro-economic Indicators

Gross Domestic Product

According to the Uganda Bureau of Statistics, the size of the economy is projected to have increased to Ushs 162.1 trillion in FY 2021/22 from Ushs 148.3 trillion registered in FY 2020/21. In FY 2021/22, the economy grew by 4.6% in real terms compared to the revised growth rate of 3.5%. The improvement in economic activity is attributed to continued recovery in aggregate due to the full re-opening of the economy in January 2022 as well as government policy interventions to support private sector activity.

The sectors of agriculture, forestry and fishing, industry and services registered significant growth in FY 2021/22 with the strongest recovery seen in industry and services sector. The services sector remained the largest contributor of GDP with 41.5%, which was followed by the industry and the agriculture, forestry, and fishing sectors with 26.8% and 24.1% respectively.

Real GDP Growth from FY 2017/18 to FY 2021/22



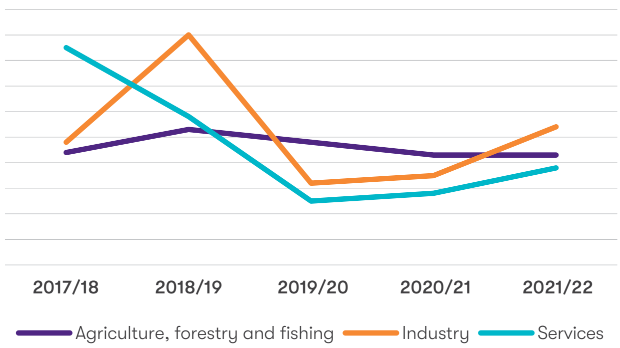
Source: MoFPED

In FY 2021/22, the services sector grew by 3.8% from 2.8% registered in the previous financial year. This growth was mainly due to the strong economic recovery in wholesale and retail trade, growth in real estate and recovery in education services which registered 2.5%, 9.4%, and 1.9% respectively following the reopening of the economy.

During the same period, the industry sector registered a growth of 5.4% from 3.5% in the previous year. This was due to the strong growth in the manufacturing which increased its activity in processing and preserving of meat, grain milling, pharmaceuticals and production of edible oils and fat. The construction subsector grew mainly due to increased public and private activities while as mining and quarrying subsectors were influenced by increase in mineral exploration.

The agriculture, forestry and fishing sectors during the same financial period grew by 4.3% which is the same rate registered in the previous financial year 2020/21. Some of the key drivers for the performance included growth in food production such as banana, vegetables, beans, and sweet potatoes and cash crop production such as higher yields in robusta coffee, livestock as well as recovery in fishing activities.

Real GDP Growth Sectorwise

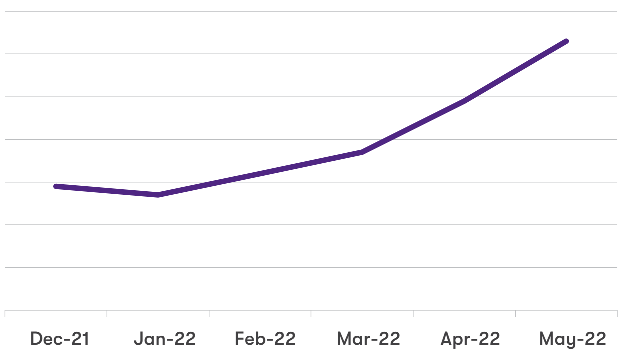


Inflation

In the FY 2021/22, inflation increased rapidly and spread broadly across the basket of consumer goods and services. The Headline and Core inflation rose to 6.3% and 5.1% in May 2022 from 2.7% and 2.3% in January 2022 respectively. The prices of essential commodities such as cooking oil and soap, food, fuel and transportation have risen sharply. This is due to the supply and demand imbalances that were caused by the Covid-19 pandemic and heightened by the Russia-Ukraine conflict. The palm oil export restrictions in Malaysia and Indonesia which is a key raw material in the domestic manufacture of these products have just added fuel to fire the inflation. The weakening of the Ugandan shilling against the US dollar coupled with rising food and energy prices have also worsened the inflation outlook since April 2022. Higher business costs are likely to spread into consumer prices thereby pushing inflation higher in the coming months.

The annual headline and core inflation are now projected to reach and average of 7% and 6.1% respectively in 2022 which is higher than the earlier projections. Inflation is further projected to peak at around 8% in the second quarter of 2023 before gradually declining to stabilize around the medium-term target of 5% in mid-2024. The increase is largely due to increase in energy prices, persistence of the supply chain disruptions and increase in scattered rains around the country, weakening of the Uganda shilling as well as intensification of the second-round effect of the energy prices to other commodity prices.

Monthly Headline Inflation



Balance of Payments

The external position strengthened in the year to February 2022 reflecting external sector resilience compared to previous year data which was supported by inflow to the financial account. The financial account surplus expanded providing sufficient cover to finance the current account deficit which resulted in an overall balance of payment surplus of USD 642.2 million in the year to February 2022, a turnaround from a balance of payment of USD 74.9 million recorded in the previous year. This favorable external position was supported by the improved economic environment associated with diminishing pandemic related restrictions leading to the full reopening of the economy by end of year compared to the stringent restrictions imposed in the 12 months to February 2021.

In the 12 months to February 2022, Uganda's current account deteriorated hence widening by 3.3% to a deficit of USD 3.647 billion higher than a deficit of USD 3.530 billion in the previous 12-month period. This performance was due to a 25% expansion in the trade deficit, albeit partially moderated by a 29% contraction in the services deficit. Furthermore, the primary income deficit widened by 6.6% further contributing to the worsened current account deficit year on year. Moreso, resilient remittance inflows, which increase by 8.3% during FY 2021/22 supported the current account balance.

The gross official reserves stood at USD 4.268 billion at end of February 2022 which is equivalent to 4 months of future imports of goods and services up from a stock of USD 3.511 billion which is equivalent to 3.6 months of import cover at the end of February 2021. The reserve build up largely reflects the IMF's allocation of (Special Drawing Rights) SDR 450.3 million registered in August 2021.

Exchange Rate

Overall, the Uganda shilling followed an appreciation trend over FY 2021/22 with a few instances of sharp depreciation. The shilling appreciated by 3.1% in 10 months to April 2022 to an average mid-rate of Ushs 3,548.8 per USD from an average of Ushs 3,66 in the previous Financial Year. This was due to stronger inflows from exports especially coffee proceeds, tourism, secondary income transfers to NGOs and households, portfolio, and foreign investments as well as disbursements to government.

In the months of October 2021, December 2021 and March 2022, the shilling however experienced sharp depreciation pressures. In October, the speculation was due to anticipation of offshore demand while in December 2022 was partly due to MTN investors repatriating their proceeds from MTN IPO. The depreciation since March is due to offshore investor's bearish sentiments over the Russia-Ukraine war, the instituted sanctions against Russia as well as rising interest rates in developed countries.

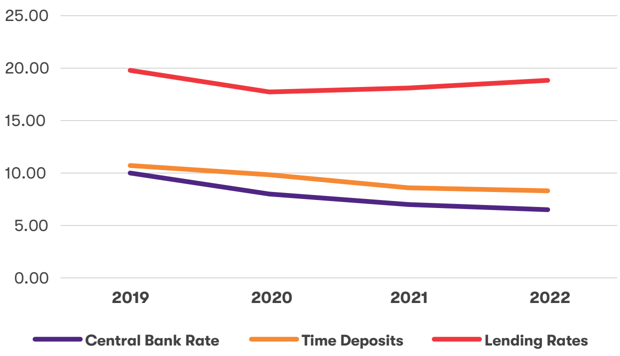
Going forward, the shilling is likely to depreciate largely due tightening of global financial conditions as countries tighten monetary policy to stem high inflationary pressures triggering portfolio reversal in search for safety. However, the increased inflows into the oil sector following the signing of the Final Investment Decision (FID) could ameliorate the pressure on the currency and could potentially appreciate the shilling in the long run.

Monetary Policy

In June 2022, Bank of Uganda (BOU), the country's central bank increased the Central Bank Rate (CBR) at 7.5%, from 6.5% in April 2022 and maintained the band on the CBR at +/- 2 percentage points. Keeping CBR unchanged at 6.5% was consistent with meeting the inflation target of 5% sustainably in the medium term while supporting economic growth recovery. In pursuit of this stance, the BoU employed the use of Repurchase Agreement (REPO) and Reverse REPOs as well as BoU Bills. These actions were aimed at steering the 7-day interbank interest rate towards the CBR.

The margins of the CBR for the rediscount and bank rates remain at 3 and 4 percentage points respectively. Consequently, the rediscount and bank rate are now 10.5% and 11.5% respectively. The BoU will continue to raise the CBR until inflation is firmly contained around the medium-term target. The central bank will also phase out the remaining targeted credit relief measures for the education and hospitality sectors on September 30, 2022. Furthermore, the Covid-19 Liquidation Assistance Program (CLAP) for managing potential liquidity risks arising from the pandemic as well as restrictions on payment of dividends and other discretionary distributions of Supervised Financial Institutions expired on May 30, 2022.

CBR and Commercial Interest rates



Fiscal Policy

In April 2022, the government operations resulted into on overall fiscal deficit of Ushs 1.308 trillion which was higher than the planned deficit of Ushs 1.286 trillion. This was on account higher than the planned government expenditure during the month.

In the same month, revenues and grants amounted to Ushs 1.824 trillion, representing a 109.7% performance against the Ushs 1.663 trillion target for the month. Project support grants received during the month amounted to Ushs 32.71 billion, a 39.9% performance against the planned Ushs 82.03 billion for the month.

Furthermore, domestic revenue collections for the same month amounted to Ushs 1,791.60 billion, hence posting a surplus 113.3% performance against the Ushs 1.581 trillion target for the month. Of the total amount collected, Ushs 1.672 trillion were tax collections while Ushs 120.08 billion were non-tax collections.

Tax collections posted a surplus of Ushs 195.97 billion against the Ushs 1.476 trillion planned for the month. This was mainly on account of higher than planned collections for income taxes especially PAYE from the private sector as employment continues to pick up; and taxes on international trade & transactions mainly on account of higher collections for petroleum duty, import duty and VAT on imports during the month.

Similarly, non-tax revenue collections during the month amounted to a Ushs 14.67 billion surplus against the target of Ushs 120.08 billion. This performance is attributed to increased collections from education institutions and the Directorate of Citizenship & immigration control following the return to full operation of education institutions and further increased demand for machine readable passports. Surpluses were also recorded from the works and transport sector (drivers permits) and Uganda Registration Services Bureau.

The fiscal strategy for FY 2022/23 and the medium term is to pursue growth friendly fiscal consolidation to preserve fiscal and debt sustainability. This will entail:

i. Continued implementation of the Domestic Revenue Mobilisation Strategy (DRMS) to ensure that revenue to GDP grows by 0.5 percentage points every financial year.

ii. Fiscal consolidation through reducing the share of expenditure to GDP in order to ensure debt sustainability.

iii. Reduce domestic borrowing to a share of no more than 1% of GDP in the medium term so as to avoid crowding out the private sector.

iv. Improve efficiency in project execution as a means to reap the economic gains from these projects.

Additionally, fiscal policy in FY 2022/23 and the medium term is underpinned by the measurable fiscal objectives set out in the second Charter for Fiscal Responsibility as specified below;

i. Total public debt in nominal terms is reduced to below 50 percent of GDP by FY 2025/26.

ii. Overall fiscal balance including grants should gradually adjust to a deficit not exceeding 3 percent of GDP of non-oil GDP by FY 2025/26.

iii. A maximum of oil revenues worth 0.8% of the preceding year's estimated non-oil GDP outturn shall be transferred to the Consolidated Fund for budget operations. The balance shall be transferred to the Petroleum Revenue Investment Reserve (PRIR) for investment in accordance with the Public Finance Management Act (PFMA) (2015) as amended.

FY 2022/23 Budget

Overview

The National Budget for FY 2022/23 was approved by parliament on May 20, 2022. The budget was increased from Ushs 44.78 trillion in FY 2021/22 to Ushs 48.13 trillion for FY 2022/23 which represents an increase of 7.5% from the previous financial year. The key priorities for the FY 2022/23 budget are the following:

i. Enhancement of security, the rule of law and fighting corruption

ii. Sustaining economic recovery

iii. Implementation of the Parish Development Model to create wealth and jobs.

iv. Promotion of Agro-industrialisation, standards and market entry

v. Commercialization of oil and gas

vi. Enhancement of transport, energy and ICT infrastructure

vii. Enhancing human capital development, science, innovation, and knowledge transfer

viii. Enhancing public sector effectiveness and efficiency.

7.5%
Budget Increase from FY 2021/22

Ushs 48.13 tn
allocated

The Government's current target is to achieve an overall revenue collection of Ushs 23.754 trillion which will be a 19.4% increase in revenue collection from Ushs 19.9 trillion achieved in FY 2021/22.

19.4%
targeted increase in revenue collection for FY 2022/23

Government expenditure is projected to amount to Ushs. 37.472 trillion (excluding debt refinancing) in FY 2022/23, an increase of 7% compared to that of FY 2021/22. This projected increase is mostly due to budgetary increases in allocations to different sectors such as Human Capital Development, Private Sector Development (particularly the Parish Development Model), Power Infrastructure and Sustainable Development of Petroleum resources.

Nonetheless, this expenditure is poised to create a deficit of 5.4% which is a percentage point lower than the fiscal deficit in FY 2021/22 which was projected at 6.4%.

5.4%
Fiscal Deficit

Sectoral Analysis

Agriculture

In Uganda, 80% of the land is arable and only 35% is being cultivated. In Fiscal year 2020/21, agriculture accounted for about 23.7% of the GDP, and 31% of export earnings. 70% of Uganda's working population is currently employed in the agriculture sector.

Uganda is among the leading producers of coffee, bananas and oil seed crops (sesame, soybean, sunflower etc.). It is also a major producer of other crops like tea, cotton, organic cotton, tobacco, cereals, fresh foods and vegetables, nuts, essential oils, flowers, poultry and freshwater fish.

The traditional cash crops of Uganda include Coffee, tea, cotton and tobacco. Uganda produces two kinds of coffee (Arabica and Robusta). Over the years, robusta coffee has been produced in more quantities compared to arabica. In 2020, there was a 15% increase in the volume of coffee production from 313,000 tonnes (MT) to 360,000 MT. Tea production increased by 25% (60,000MT to 75,000MT) while cotton increased to 35,000MT from 33,000MT produced in 2019 hence registering a 6% increment.

Ushs 1.45 tn
FY 2022/23 allocation to Agriculture

For FY 2022/23, the government has allocated **Ushs 1.45 trillion** in FY 2022/23 to the agricultural sector, which is a decrease of 13.2% from **Ushs 1.67 trillion** in FY 2021/22.

This allocation will be used to enhance agro-industrialization and light manufacturing through sustaining the resilience of agriculture along the value chain, agro-processing and support to light manufacturing. This will be done through

i) Supporting industries that use locally sourced raw materials
ii) Capitalizing Uganda Development Bank (UDB) to provide affordable and long-term capital
iii) Expanding storage and processing capacity within the 18 zones of the country
iv) Providing funds for private sector equity investment through the Uganda Development Corporation (UDC) to invest in key commodity agro-processing value chains

Over the medium term, the government through the Ministry of Agriculture will focus on:

i) Increasing agricultural production and productivity
ii) Improving post-harvest handling and storage of agricultural products
iii) Increasing agro-processing and value addition
iv) Increasing market access and competitiveness of agricultural products in domestic and international markets
v) Increasing the mobilisation, access and utilisation of agricultural finance
vi) Strengthening agriculture sector institutional capacities for agro-industrialisation.

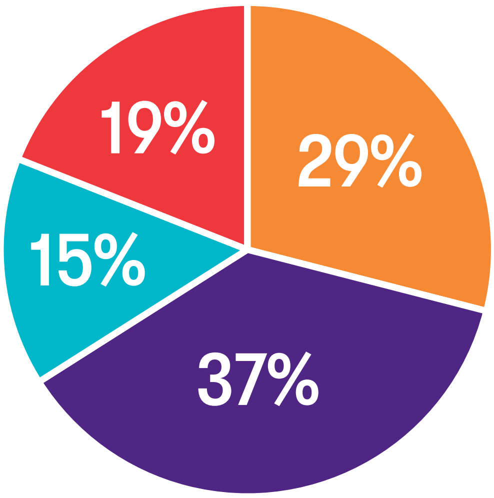
Government also intends to increase production and productivity through pillar one of the PDM which will cover 6 components: community mobilization, business development services and extension services, provision of advisory services at every node of the value chain in every parish, provision of inputs, storage and agricultural processing among others. Farmers at Parish level will be coordinated through area-based commodity clusters in order to increase production and productivity.

The Agricultural Credit Facility (ACF) at Bank of Uganda also continues to provide targeted funding for agriculture. 62.5% of the projects funded by ACF comprise of micro, small and medium-sized enterprises (MSMEs), which constitute the majority of the agriculture sector in Uganda.

The ACF cumulative loan book stood at Ushs 660.50 billion as at December 31, 2021, extended to 1,525 eligible projects. Out of the funds disbursed, the Government contribution was Ushs 335.24 billion while the remainder was covered by commercial banks. Financing for farmers in this category has been extended to four main enterprises: cattle restocking for dairy and beef production, poultry farming, agricultural inputs and farm infrastructure as well as grain trade.

The ACF finances activities along the entire value chain as shown below:

Areas Funded (Agricultural Credit Facility)



- On-Farm Activities
- Post Harvest Management
- Financing Working Capital for Grain Trade
- Agro-Processing/Agro Business (Value Addition)

The innovation of block allocation under the ACF continues to unlock access to credit for micro and smallholder farmers who would otherwise be excluded from securing credit for lack of collateral. By December 31, 2021, the ACF had extended financing of up to Ushs 6.33 billion to 550 rural farmers using non-traditional collateral under block allocation. The loans were mainly advanced through Post Bank Uganda Limited, DFCU, Centenary Bank and Pride Microfinance Limited all which have a wider coverage.

Works and Transport

Government allocated Ushs 4.145 trillion in FY 2021/22 to the Programme to construct, upgrade, maintain and improve transport infrastructure and services. A total of Ushs. 3.342 trillion was allocated to Uganda National Roads Authority to upgrade, maintain and rehabilitate national roads in the country with the view of improving national and regional connectivity. A total of Ushs. 506.42 billion was earmarked for road maintenance at national and district level in FY 2021/22.

Ushs 4.301 tn
FY 2022/23 allocation to Works and Transport

Achievements in FY 2021/22

Road Transport

In FY 2021/22, Government undertook upgrading and construction of 27 road projects totalling 1,437 km. By the end of December 2021, construction of 114.45 km had been achieved against a target of 415 km by June 2022. UNRA's Strategic Plan targets to construct 500km annually. The cumulative paved road network in Uganda now stands at 5,591km, which represents 26.6 percent of the total national road network

Road projects	Distance (km)
Ongoing road projects	826.2
Oil Roads	349
Tourism Roads	303

Road Maintenance

In FY 2021/22, Government provided Ushs 178.5 billion for improvement of District, Urban and Community Access Roads (DUCAR). A further Ushs. 33.717 billion and Ushs. 153.13 billion were allocated to Local Governments and KCCA, respectively.

Railway Transport

In FY 2021/22, Ushs 200.443 billion was allocated for development of Uganda's water and railway transport. Government has committed to improving rail and water transport in order to facilitate cross border trade by reducing the cost of transporting cargo from partner states to Uganda and reduce transit time. Hereunder, Government:

1. Procured four locomotives to support operations on the existing Kampala-Naivasha route
2. Rehabilitation of the metre gauge railway Malaba to Kampala (243km)
3. Continued with civil works on the Tororo-Gulu rail line
4. Will continue to pursue the plan to implement the Standard Gauge Railway (SGR) project. By December 2021, a total of 120 Project Affected Persons (PAPs) had been compensated on the SGR routes in Jinja and Tororo, covering an area of 1.246 hectares.

Air Transport

In FY 2021/22 the allocation to the sector was Ushs 350.926 billion to provide and improve existing air transport services. This was aimed at supporting Ugandan exports, facilitating and enriching tourism services and products, and also to penetrate international markets as shown below:

Projects	% of completion
1. The rehabilitation of the Entebbe International Airport	75
2. Construction of the Kabaale International Airport	72

Cargo handling at Entebbe International Airport grew by 38.09%. Ground maintenance of 13 aerodromes was completed, together with construction of pavement surfacing layers and drainage of Soroti Airport.

Water Transport

i) Development of the Bukasa Port is ongoing. The port will provide an alternative route from Mwanza in Tanzania to Kampala and will reduce dependence on the northern corridor. By December 2021, 38 PAPs were compensated to pave way for development.

ii) UNRA continued to operate ferry services on major water bodies that link to national roads and islands.

The government has allocated **Ushs 4.301 trillion** to the works and transport sector. This money will be used to achieve the following key objectives;

i) Upgrade and construction of 1,023.5km road projects

ii) Substantially complete the upgrading of 244.5km and rehabilitate 312km of road projects

iii) Continue civil works for rehabilitation of Kampala-Malaba Metre Gauge Railway (MGR)

iv) Completion of feasibility studies for rehabilitation of Gulu-Packwach MGR line

v) Undertaking studies for Kampala-Kasese MGR

vi) Commence civil works for the construction of the new Kamengo and Kamdini Weigh Stations

vii) Rehabilitation under DUCAR, maintenance of MGR railway and sealing urban roads

viii)Construction of bridges on national road network

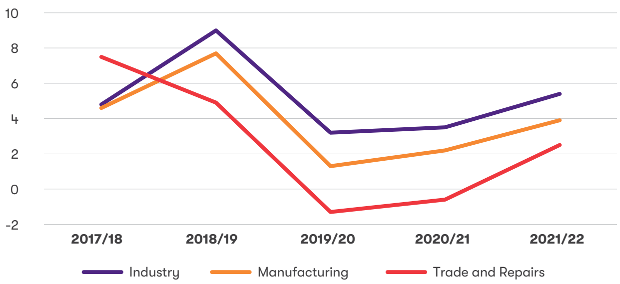
ix) Rehabilitation for KCCA roads

Trade and Industry

The trade and industry sector in particular the manufacturing sector has been fundamental in cushioning the economy from the adverse effects of shocks such as COVID-19 pandemic, evidenced by increased share of manufacturing value added in GDP over the pandemic period relative to the pre-pandemic levels (from 15.8% in FY2017/18 to 16.5% in FY2020/21)

The industry sector registered growth of 5.4% from 3.5% the previous financial year. This was supported by strong growth in manufacturing, construction as well as mining and quarrying subsectors. Growth in manufacturing was largely on account of increased activity in processing and preserving of meat, grain milling, pharmaceuticals, and production of edible oils & fats.

Real GDP Growth from FY 2017/18 to FY 2021/22



Some of the achievements registered in the trade and industry sector in FY 2021/22 include:

- Commissioning of Mutukula Regional Market construction.
- Admission of the Democratic Republic of Congo into EAC region.
- Reopening of borders and economies of EAC member states coupled with improved bilateral relations.
- Approval of the development of the Tangshan Mbale Industrial Park and Liao Shen industrial park, Kapeeka.
- Twenty zonal Industrial Hubs operationalized with value addition cottage industries.
- Kinyara Sugar Limited's Industrial Sugar Refinery plant commissioned in Masindi.
- The signing of the Final Investment Decision for Uganda's oil and gas Projects.
- The Green Manufacturing Strategy and National Industrial Database and Information Portal was launched
- National Enterprise Corporation (NEC)/Uganda People's Defence Forces (UPDF) Engineering Brigade entered an MoU with Uganda Investment Authority (UIA) to construct infrastructure and extend utilities in Industrial and Business Parks.
- Completion of the first phase of Gulu Logistics Hub.
- 96% completion rate of the construction of Mpondwe Border Export Zones.
- District Local Governments in Nebbi, Madi Okollo, Lira, Dokolo, Oyam, Kisoro, Rukungiri, Kabale, Mbarara, Kabarole and Pader offered land for Industrial Business Park development.
- Iron Ore smelting plant worth USD 200million in Iganga was commissioned.
- UNBS developed 284 standards and held 15 stakeholder engagements and sensitization to educate the public, processors and manufacturers on standards

Ushs 418.9 bn
FY 2022/23 allocation to the manufacturing (trade and industry) sector

In FY 2022/23, Government has earmarked Ushs. 418.9 billion for the manufacturing programme to undertake the following priorities;

- Review and formulate trade related polices to refocus on supporting exports.
- Sensitize farmers/producers on trade procedures and standards with emphasis on exporting and supporting the refurbishment of storage facilities.
- Improve quality and standard concerns by expanding the services of Uganda National Bureau Standards.
- Establishment of Border Export Zones at key strategic border points to increase cross border trade.
- Enhance value addition and industrialization.
- Promote Cooperative Movement by mobilizing

collective resources through cooperatives and strengthen supervisory and management of Cooperatives through District Commercial Extension Services, etc.

- Conduct Public-Private dialogue for Local Economic Development (LED) and create awareness on potential PPP investment opportunities.
- Prepare and consult the AfCFTA, CFTA Tripartite (EAC-COMESA-SADC) stakeholders with the aim of harmonizing their various development levels including its implementation strategy.

Private Sector Development

The Private Sector Development interventions are focused on addressing challenges that hinder private sector growth, such as the costs of doing business, use of local content in public programmes, the enabling environment and enforcement of standards, the role of government in unlocking investment in strategic economic sectors, and the organizational and institutional capacity of the private sector to drive growth.

In FY 2021/22, Ushs 588.6 billion was allocated for implementation of Private Sector Development Programme interventions. The Budget allocation has grown by 181% from Ushs 588.6 billion in FY 2021/22 to Ushs 1.652 trillion earmarked for FY 2022/23 on account of implementation of the Financial Inclusion Pillar of the Parish Development Model.

The overall goal of the Parish Development Model Financial Inclusion Pillar is to enable participation of subsistence households in the financial sector and hence the money economy.

i. This Pillar is aimed at improving access to financial services for households that are currently operating in the subsistence economy (subsistence households) and equipping them with skills for enterprise growth, value addition and marketing of their products and services.

ii. Under this Pillar, PDM will support a wide range of financial solutions (savings, credit, insurance, transfers etc) to subsistence households in order to enhance incomes, smoothen consumption, build assets and reduce vulnerability to shocks.

The PDM Financial Inclusion Pillar shall have six components namely;

- Community Organisation
- Business development services
- Payment systems
- Insurance
- Savings
- Low-cost loans using the Parish Revolving Fund

Energy and Mineral Development

Mineral products (excluding petroleum products) registered the highest imports growth in FY2020/21 with total imports growing to USD 2.17 billion from USD 1.09 billion in FY2019/20. 90% of this growth can be attributed to gold which attracted a new tarrif on exports in the previous financial year.

The government seeks to increase the exploitation and value addition to selected resources for job-rich industrialization through further investment in energy and mineral development. In FY 2021/22, the government allocated Ushs 45.59 billion to the sector due to lower revenues brought about by lower revenues caused by the COVID-19 pandemic.

To stimulate more growth in the sector, the government was able to achieve the following;

i. Increased exploration and quantification of priority mineral resources along the country, particularly commissioning a gold mine in Busia District with USD 16 billion in reserves.

ii. Increased adoption and use of appropriate and affordable technology along the value chain through the set-up of the Mineral Tracking and Certification Unit and multiple mineral beneficiation centres for training small scale miners.

iii. Strengthened the legal, institutional and regulatory frameworks with the passing of the Mining (Amendment) Act 2021

iv. Increased investment in mining and value addition

For FY 2022/23, the Government plans to implement the following;

i) The Uganda Development Corporation, in partnership with Kimu Investment, through a Special Purpose Vehicle (Lake Victoria Sheet Glass Company) is planning to establish a plant capacity of 200 metric tons/day in Masaka district to fully exploit the abundant pure white silica sand deposits at Dimo beach on the shores of Lake Victoria.

ii) Maintain existing investments in exploration and quantification.

iii) Organize, formulate and regulate the artisanal and small-scale miners.

iv) Develop and implement an incentive regime for actors in the priority mineral value chains

v) Continue offering support to steel industries through UDC.

Power Infrastructure

The national electricity access today stands at 57%, of which, 19% is on the main national grid and 38% is off-grid which is made up of mostly solar power solutions. Uganda's total electricity generation capacity has increased from 1,268 megawatts in FY 2019/2020 to 1,347 megawatts in FY 2021/2022, on account of the completion of the 42 megawatts Achwa I power plant, the 21 megawatts Nyamagasani power plant, and the 15.5 megawatts Sugar Corporation of Uganda Limited (SCOUL) power plant.

The transmission network increased from 3,100 kilometres in FY 2020/21 to 3,431 kilometres as at the end of Q3 2021/22 as a result of the commissioning of the Karuma-Kawanda 400 kV and Karuma-Olwiyo 132 kV Transmission Lines. The Luzira Sub-station was completed and will be commissioned after completion of the 15 kilometres 132kV transmission line.

The government has allocated Ushs 1.573 trillion which will be used mainly for the following interventions;

i. Commencement of the unit-by-unit commissioning of the 600 megawatts Karuma Hydro Plant in September 2022, with the plant being fully available in June 2023;

ii. Complete the Opuyo-Moroto, Lira-Gulu-Nebbi-Arua, Lira-Gulu Agago and the Mutundwe – Entebbe 132kV transmission lines;

iii. Commence feasibility and design studies for the 400kv Uganda South Sudan transmission line between Olwiyo –Nimule-Juba; the 400kV Uganda – Democratic Republic of the Congo interconnection and the 400KV Uganda –Tanzania transmission line

ICT Sector Analysis

FY 2021 saw increased dependency on IT throughout most sectors of the economy. Internet access in FY 2021/22 was at 52% with 21 million users and 23 million people using mobile money services. FY 2021 saw a rise in the use of IT in sectors like education where institutions relied on IT solutions to hold online classes as well as examinations. Furthermore, there was a rise in work from home through the use of VPNs which enabled access to firm applications.

The government has deemed ICT acceptance as critical in improving service delivery for citizens and businesses. It is fundamental in creating a productive and competitive economy inclusive of growth. Government allocated Ushs.194.7 billion in FY 2021/22, a 26.3% increase in the Budget from Ushs 154.1 billion in FY 2020/21. In the past five years, over USD 20 million was generated from commercializing of the National Backbone Infrastructure.

The major achievements in the FY 2021/22 are categorized under the five Programme Objectives as highlighted below:

i. Increasing uptake of e-services to improve service delivery and promote ICT usage to contribute to national development.

ii. Developed ICT infrastructure countrywide to raise the national coverage and increase universal internet access as well as better connectivity.

iii. Allocated NITA-U land to develop an ICT/BPO park at Lunyo, Entebbe through a Public-Private Partnerships (PPP) arrangement. The project feasibility studies, and procurement documents were approved by the PPP Unit.

iv. Increased ICT Human Capital.

v. Initiated the formulation of the National ICT Policy, National ICT Innovation Policy, and National Spectrum Management Policy.

Ushs 124 bn
FY 2022/23 allocation to ICT sector

In FY 2022/23, Government has allocated Ushs 124 billion towards the Information Communications Technology sector for the following key objectives;

i) Coordinate, develop and expand flagship e-services and rollout e-services across all NDPIII programs

ii) Coordinate implementation of the cyber security strategy and create awareness and sensitization on Data Protection and Privacy Act and other cyber laws.

iii) Transform UICT into center of Excellence.

iv) Establish and support Government owned ICT incubation Hubs.

v) Collaborate with private sector and partner in development of local assembly plants.

vi) Undertake innovative management of e-waste through review and coordination of implementation of the e-waste policy

vii) Coordinate implementation of the National Strategy on 4IR, including awareness campaigns on 4IR opportunities and risks

viii) Operationalize the National ICT infrastructure Blueprint

ix) Upgrade existing Digital Terrestrial Television (DTT) transmission sites to ensure redundancy and provision of local regional program stream insertions

x) Upgrade existing radio transmission sites to ensure redundancy and provision of local regional program stream insertions

xi) Establish Internet Exchange Point in Kampala for purposes of redundancy.

xii) Transform and diversify Postal centres into e-service access centres.

xiii) Extend National Backbone infrastructure and broadband ICT Infrastructure coverage countrywide.

xiv) Develop and review Policies, strategies, standards, and regulations.

xv) Review of curriculum to ICT at all levels

Financial Sector

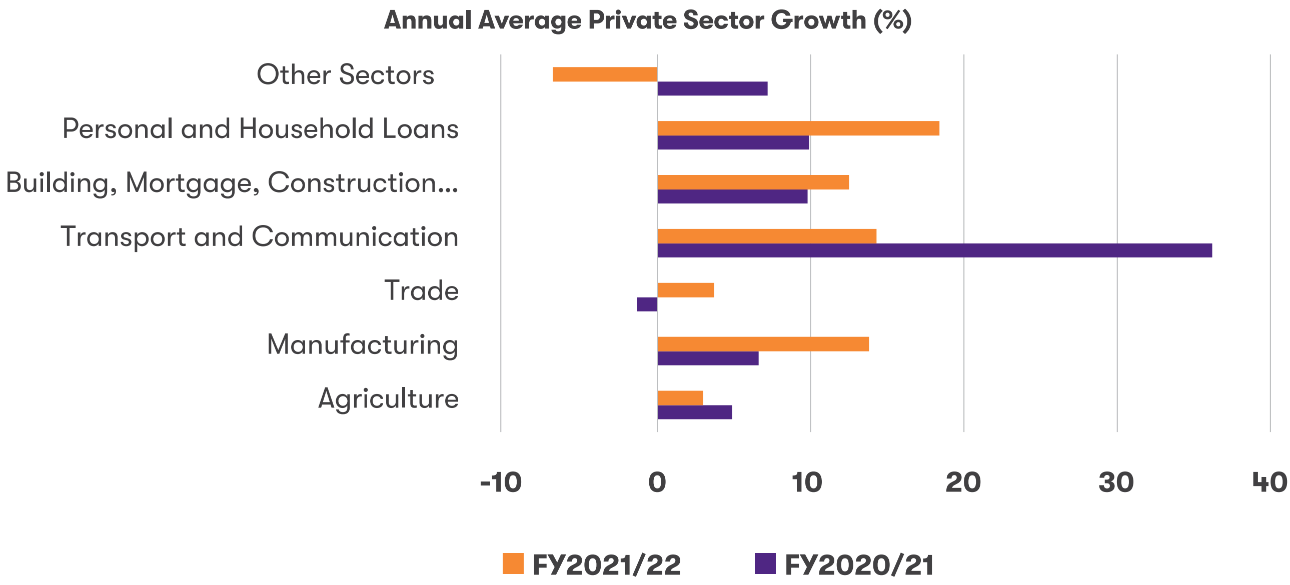
Several financial sector reforms were undertaken by government in FY 2021/22. These reforms were geared towards addressing the constantly changing financial sector landscape to support growth and development, enhance household income and private sector development amidst the adverse effects of the pandemic. The sector experienced major shift in the means used for transactions such as from traditional means to electronic and agent banking platforms. This was necessary to meet customer expectations as well as reduce costs of operation.

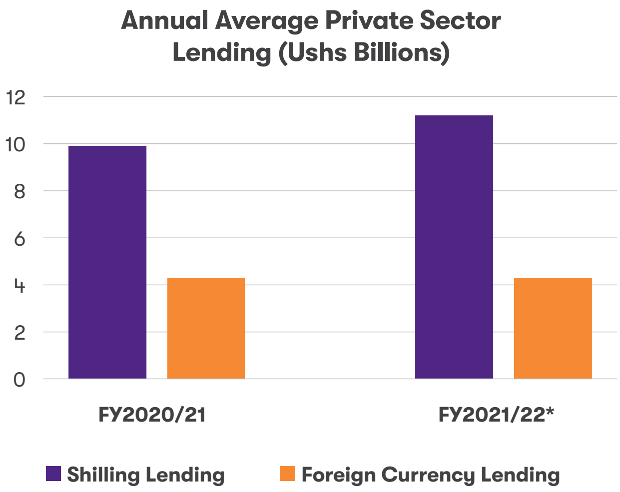
In the twelve-month period to March 2022, the commercial banking sector expanded with a 10.8% growth in total assets (net) The growth was largely funded by deposits which increased by Ushs. 2.7 trillion or 10 percent from USHS.26.8 trillion in March 2021 to Ushs. 29.5 trillion in March 2022. The banking sector continued to play its intermediation role reflected in increased private sector credit extensions by Ushs.1.9 trillion or 12.2 percent over the last year.

Private Sector Credit

Private sector credit (PSC) presented a slow growth in the FY 2021/22. This was mainly due to the heightened commercial banks' risk aversion due to the adverse effects of the pandemic on the economy. In the quarter to January 2021, PSC grew by 8.6% due to the gradual economic recovery and lower cost of borrowing. The average annual growth in PSC declined to an average of 8.5% in the nine months to March 2021 down from 12.2% recorded in the same period in the FY 2020/21. The PSC growth is likely to remain subdued in the short term due to weak economic growth and increased risk aversion by lenders.

Growth momentum moderated for the sectors of Agriculture, Transport & Communication, and Other Sectors, in the 9 months to March 2022 as growth averaged 3.0%, 14.3% , and minus 6.8% compared to 4.9%, 36.2%, and 7.2% respectively that was observed in the previous year.





5.8%
Non-Performing Loans

Despite the above, the ratio of non-performing loans (NPLs) to total loans in the quarter of March, 2022 rose to 5.8% from 5.4% in the quarter of March 2021. The sectors of building/construction & real estate and business services, had the highest rise in non-performing loan ratios, increasing from 5.7% and 5.2% in March 2021 to 10.1% and 9.8% in March 2022

Insurance

Even though the insurance sector is still small and underdeveloped, the premiums are growing rapidly from a low base. The Insurance Regulatory Authority of Uganda (IRA) continued to provide regulatory oversight in a bid to maintain a financially sound, vibrant and trusted insurance sector.

Data reported by the Insurance Regulatory Authority (IRA) indicated that non-life gross written premiums accounted for 61.4% of total gross premiums in 2021 1% less than the previous year. The GWP of Health Management Organisations (HMOs) registered a decline of 36.1 percent to Ushs 48.3 billion in 2021 from Ushs. 75.6 billion in 2020. Microinsurers underwrote Ushs. 657.3 million from Ushs. 540.5 million in 2020 registering a growth of 21.6%.

Overall, the industry total Gross Written Premium (GWP) income increased by 7.9% in 2021 to Ushs. 1,149.1 billion from Ushs. 1,065.4 billion in 2020. Non-life business continued to dominate the insurance industry in terms of composition, although its relative share has continued to decline. Both Life and Non-Life GWP income grew by 11.7% and 6.1%, respectively to Ushs. 362.4 billion and Ushs. 705 billion in 2021.

7.9%
Growth in Life and Non-life GWPs

0.84%
Insurance Penetration

Tourism and Hospitality

In the FY 2022/23, the budget allocation to the tourism sector has increased to Ushs 194.7 billion from Ushs 181 billion in FY 2021/22. This is due to the government support towards the sector to return to its pre pandemic levels and beyond.

Ushs 194.7 bn
FY 2022/23 allocation to Tourism and Hospitality

In FY 2021/22, the government was able to achieve the following in the tourism and hospitality sector;

a) Promoting domestic and inbound tourism

- As a strategy to boost tourism, government committed to stimulate domestic tourism by encouraging many Ugandans to explore local touristic destinations. Various incentives were put in place by government among which included tax incentives/exemptions on specific imports and investments under tourism sector.
- Furthermore, government completed the development and launch of the destination brand, 'The Pearl of Africa', Uganda Tourism board showcased the destination's tourism products and investment opportunities at 5 strategic trade platforms, the EAC launched a Regional and Domestic Tourism Media Campaign in November 2021, in bid to encourage East Africans to travel within their respective countries and around the region, as well as Tooro Kingdom unveiled the 'Ekyooto Ha Mpango' annual cultural tourism festival, in bid to diversify tourism products in the Kabalore district.

b) Increase the stock and quality of tourism infrastructure

- Ministry of Tourism, Wildlife and Antiquities (MTWA) launched the first electronic permitting system in July 2021 to regulate trade in wildlife and wildlife products in Uganda, with support of USAID through Wildlife Conservation Society (WCS).
- Uganda's High Commission in London launched a new e-passport system, which is intended to reduce time taken in acquiring a new passport by Ugandans in Diaspora.
- Government completed the construction of Pakwach Tourism Information Centre. This centre will provide information and aid to any current or potential tourists within Pakwach and its surrounding areas.
- Phase II of Omugabe Cultural Heritage Site (former Ankole King's palace) was completed. This included the main residence, drum house, outdoor floor of Kahaya's Mugabe and sanitary facility.
- Government maintained 2,000km of tourism roads (trails and tracks) in protected areas. Civil works on Rukungiri-Kihihi-Ishasha/Kanungu (78.5km) road project currently stand at 79% completion rate.

c) Improve, develop and diversify tourism products and services

- Uganda Tourism Board (UTB) and Uganda Electricity Generation Company (UEGCL) signed a partnership on 7th September 2021 to package and market the 600MW Karuma Hydropower dam and the 183MW Isimba Hydropower dams as superstructure/ infrastructure tourism products
- KCCA entered into an MoU with UTB to promote the Capital City as a key tourism destination for local and foreign tourists.
- Governments of Uganda and Rwanda, together with the Conservation Organizations, adopted new Guidelines to protect the mountain gorillas from catching COVID-19.
- The EAC Sectoral Council on Tourism and Wildlife Management approved the EAC Regional COVID-19 Tourism Recovery Plan to revive the sector after the negative impacts of COVID-19 pandemic.

- The East Africa Tourism Platform (EATP) introduced the East Africa Destination web portal as part of its efforts to promote the region as a single tourist destination and COVID-19 recovery efforts.
- Uganda Wildlife Authority (UWA) launched an online payment platform option for guests visiting any of the country's national parks.

d) Develop a pool of skilled personnel along the tourism value chain

- UTB in partnership with Culinary Association of Uganda, organized a first practical chef's seminar. The seminar was organized under a theme 'Tackling the practical hands-on basics in culinary'. The seminar intended to improve the quality of food given to clients in hotels and restaurants, thereby promoting culinary tourism in Uganda. In addition, the seminar focused on creating competent and professional chefs to represent Uganda on national and international food exhibitions and markets;
- To promote community involvement in Tourism development, Government conducted 4 community conservation education programs. These included Lake Victoria Conservation Education Program; Snake Conservation Education Program; Makanaga Wetland Ecotourism Program; and 2 thematic guided tours reaching out to 1,399 visitors

The Government in the FY 2022/23 plans to:

- Sustain upstream investment in ongoing product development and tourism-related infrastructure.
- Increase access to tourism recovery financing.
- Intensify domestic tourism and specialized tourism promotions and campaigns.
- Hire and deploy market destination representative firms in key markets.
- Management of human-wildlife conflicts in districts hosting/surrounding conservation areas.

The government shall support the sector by further prioritizing the following interventions;

- Facilitation of the Uganda Tourism Board to rebrand and promote Uganda under the new 'Explore Uganda' brand.
- Sustaining and upscaling investment in tourism infrastructure like roads, electricity, internet, security among others.
- Easing access to recovery financing at the Uganda Development Bank.
- Intensifying promotion of domestic tourism.

The Income Tax (Amendment) Act, 2022

The Parliament approved the tax measures for the financial year 2022-23, which will come into effect from 1st July 2022.

Please find below a brief of what is contained in, The Income Tax (Amendment) Act, 2022, including our understanding of its implications and comments, if any.

Executive summary of key amendments:

1. **Amendment of section 2:**
    a. widening the scope of the term "beneficial owner"
    b. change in the definition of the exempt organization to include research organization in the scope of the exempt organization.
2. **Amendment of section 5, 22 and Part VI of Third Schedule:** New provisions related to computation, allowability of expenses, and tax rates for rental income.
3. **Amendment of section 21:** Extension of income tax holiday for the Bujagali Hydro Power Project, from existing June 30, 2022 to June 30, 2023.
4. **Amendment of sections 85:** Income earned by a non-resident person from cargos/passengers embarked outside Uganda is out of the ambit of Ugandan Income Tax and hence no WHT deduction is warranted on such kinds of contracts/ transactions.
5. **Amendment of section 89QA:** Penalty of not less than USD 50,000 and not exceeding USD 500,000 for a petroleum or mining licensee who fails to furnish a return or provide any other document within the time prescribed by the Income Tax Act.
6. **Amendment of First Schedule:** By inserting "International Development Law Organisation (IDLO)" and substituting "Department for International Development (DFID)" with "Foreign, Commonwealth and Development Office (FCDO)"

Details of all the amendments with their implications and comments, if any.

1. Amendment of section 2 of principal Act.

The Income Tax Act, in this Act referred to as the principal Act, is amended in section 2—

(a) by substituting for the definition of "beneficial owner" with the following-

"(ea) "beneficial owner" means the natural person who ultimately owns or controls a customer or the natural person on whose behalf a transaction is conducted and includes a person who exercises ultimate control over a legal person or arrangement and-

(a) in relation to a legal person includes-

(i) the natural person who either directly or indirectly holds at least ten percent of shares or voting rights of the legal person;

(ii) the natural person who exercises control of the legal person through other means including personal or financial superiority; and

(iii) the natural person who has power to make or influence decisions of a legal person;

(b) in relation to trusts includes-

(i) the settlor;

(ii) the trustee;

(iii) the protector;

(iv) the beneficiary or the individual benefitting from the trust who is yet to be determined;

(v) any other natural person exercising ultimate control of the trust; and

(c) in relation to other legal arrangements similar to trusts, the natural person who holds positions equivalent to those referred to in subparagraph (b);"

Implications/Comments:

The changes to the definition of beneficial owner are made for the facilitation of automatic exchange of information. Any ambiguity or uncertainty that might have occasioned in 2021, is addressed. In addition, the new definition seeks to;

1. Replace the "final ownership" and "absolute control" tests with ultimate control or ownership test.
2. Clarify the methodology for identification of Beneficial Owners for legal entities.
3. Provide for a group of beneficiaries who are not individually identified in the trust deed.

The amendment does, however, also suggest that the benefits of reduced rates under DTAA's may not be available if the individuals (natural persons) owning companies in the countries with whom Uganda has DTAA are not the residents of those countries. This is a point upon which URA will have to give clarification.

(b) in section 2 (bb) by substituting for paragraph (B) the following—

"(B) a religious, charitable, educational institution or research institution whose object is not for profit;"

Implications/Comments:

The definition of the exempt organization is amended by including "research institution" within the scope of the exempt organization. This inclusion will provide for a tax exemption under the Income Tax Act for not-for-profit research institutions.

2. Amendment of section 5, 22 and Part VI of Third Schedule; Fixed percentage allowed as expenditure or losses to derive rental income.

Section 5 of the principal Act is amended in subsection (3)—

(a) by repealing paragraph (b);

(b) by substituting for paragraph (c) the following—

"(c) the expenditures and loses incurred by a person, other than an individual or partnership, in the production of rent shall be allowed as a deduction for any year of income only as provided for in section 22 (1) (c);

(c) by repealing paragraph (d)

(d) by inserting immediately after paragraph (d) the following —

"(e) the expenditures incurred, or gross rent derived by a partnership shall be allocated to the partners in accordance with section 67 (5) and (7) of this Act."

Section 22 of the principal Act is amended in subsection (1)—

(a) by substituting for paragraph (c) the following—

"(c) in case of rental income, the expenditure and losses incurred by a person other than an individual or partnership in the production of such income subject to subsection (1a);"

(b) by repealing paragraph (ca); and

(c) by inserting immediately after subsection (1) the following —

"(1a) Where the expenditure and losses incurred by a person other than an individual or partnership in the production of rental income exceeds fifty percent of the rental income, the allowable deduction shall be fifty percent of the rental income for that year of income.

The Third Schedule to the principal Act is amended by substituting for Part VI the following-

Gross Rental Income	Rate of tax
Not exceeding Ushs. 2,820,000 per annum (235,000 per month)	Nil
Exceeding Ushs. 2,820,000	12%

Implications/Comments:

Rental Tax for a Non-individual

An allowable deduction is capped to 50% of the gross rental income. No other deductions in form of wear and tear, interest etc. would be allowed over and above the prescribed limit of 50%. Also, the excess of expenditure over 50% would not be allowed to be carried forward for the subsequent year. The applicable tax rate continues to remain at 30%.

Rental Tax for an Individual / Partner of the partnership firm who are individuals

Rental income in excess of Ushs. 2,820,000 per annum earned by the individuals and partners of the partnership firms who are individuals, will be subjected to tax at the rate of 12% of the gross rental income. The mortgage interest deduction that has been allowed to individuals is also scrapped.

The amendment seeks to provide clarity on the ambiguities which had surfaced following the amendments to the rental income tax regime in 2021/22. This amendment also seeks to simplify the rental tax regime and ease the compliance burden for individuals.

3. Amendment of section 21 of principal Act.

Section 21 of the principal Act is amended in subsection (1) (ac), by substituting "2022" with "2023"

Implications/Comments:

The exemption from income tax on the Income of Bujagali Hydro Power Project, is extended from existing June 30, 2022 to June 30, 2023. This amendment may in turn help in reduction of average electricity tariff of Bujagali Hydro Power Project.

4. Amendment of section 85: Income from the carriage of passengers, or cargo or mail which is not embarked in Uganda, is not subject to tax as income derived from a Ugandan-Source Services contract.

Section 85 of the principal Act is amended by inserting immediately after subsection (4) the following—

"(5) For avoidance of doubt income derived from the carriage of passengers who do not embark or cargo or mail which is not embarked in Uganda is not income derived from a Ugandan-source service contract."

Implications:

The amendment is aimed at clarifying the position that no WHT is required to be deducted on payments made by the individuals or non-individuals which are made for carriage of passengers who do not embark or international transport of cargo or mail which is not embarked in Uganda.

Comments:

This amendment has now put to rest the current controversy, where the URA has been emphasizing WHT deduction at 15% in the above kinds of transactions.

It will overturn the decision in *Roche Transport and Logistics (U) Limited* v URA TAT No 94 of 2020 which allowed URA to charge the 15%.

5. Amendment of section 89QA: Penalties for non-filing or non-submission of returns on Mining and Petroleum Operations.

Section 89QA of the principal Act is amended by substituting for subsection (1) with the following—

"(1) Notwithstanding the provisions of sections 48 and 49A of the Tax Procedure Code Act, 2014 a licensee who fails to furnish a return or provide any other document within the time prescribed by this Act is liable to a penalty of not less than fifty thousand United States Dollars and not exceeding five hundred thousand United States Dollars."

Implications/Comments:

The amendment to Section 89QA seeks to introduce the penal provision which is specific to mining and petroleum operations. As per the amendment, a licensee who fails to furnish a return or provide any other document within the time prescribed by the Act is liable to a penalty of not less than fifty thousand United States Dollars and not exceeding five hundred thousand United States Dollars."

6. Amendment of First Schedule to principal Act

The First Schedule to the principal Act is amended-

(a) by inserting the following appropriately— "International Development Law Organisation (IDLO);." and

(b) by substituting "Department for International Development (DFID)" with "Foreign, Commonwealth and Development Office (FCDO)"

Implications:

The above two organizations (IDLO and FDCO) will also be considered 'Exempt organisation' under the Income Tax Act.

Summary of the proposed amendments which were NOT PASSED INTO THE LAW.

1. Amendment of section 21:

- Ten Year Income Tax exemption if the investment capital is USD 35 Million for a foreigner and USD 5 Million in case of a citizen irrespective of the area of manufacture.
- Ten Year Income Tax exemption for an investment made in setting up of hospital facility in case the investment capital is USD 5 Million for a foreigner and a citizen.
- Clarification on the formula used to compute exempt income in case of taxpayers engaged in strategic sectors and enjoying tax exemption.

2. **Amendment of section 89GB:** 100% depreciation/ amortization on petroleum exploration expenditure in the year in which cost is incurred.

3. **Amendment of section 89P:** Harmonizing the due date for payment of taxes for taxpayers in mining and petroleum operations with the taxpayers engaged in any other business.

4. **Amendment of section 118B;** Restricting applicability of Section 118B(2) only on the assets in nature of Land and Building; and

   Including transactions of purchase of Land and Building by the resident from another resident in the category of withholding tax exemption for compliant taxpayers.

The Value Added Tax (Amendment) Act, 2022

Please find below a brief of what is contained in the VAT (Amendment) Act 2022, including our understanding of its' implications and comments, if any.:

Executive Summary of Amendments:

1. **Amendment of Section 20:** VAT on imported services applicable, even if the same is to be used in provision of exempt supply.
2. **Amendment of Section 26:** VAT Liability to be discharged on cash basis for supplies made to the government.
3. **Amendment of First Schedule:** Addition of International Development Law Organisation (IDLO) and "Foreign Commonwealth and Development Office (FCDO)."
4. **Amendment of Second Schedule (Exempt Supplies):**

- Oxygen cylinder or oxygen for medical use to be considered as exempt supply.
- Supply of menstrual cups currently considered as exempt supply is to be considered as Zero-rated supply.
- Repealing the words "at the level of a national referral hospital" to enable access to VAT exemption on goods and services purchased by a developer of a hospital facility, even when the facility does not attain a level of national referral hospital.
- Supply of assistive devices (like canes for the blind, crutches, hearing aids, braille etc.) for persons with disabilities to be considered as exempt.
- Exempting airport user services charges, charged by Civil Aviation Authority from VAT.

5. **Amendment of Third Schedule (Zero-Rated Supplies):**

- The supply of educational materials manufactured locally or in a Partner State of the East African Community is to be considered as Zero-Rated supply.
- Supply of sanitary towels, menstrual cups, tampons and the inputs for their manufacture are to be considered as Zero-rated supply.

Details of all the amendments with their implications and comments, if any.

1. **Amendment to Section 20: VAT on imported services applicable, even if the same is used in provision of exempt supply.**

The Value Added Tax Act Cap. 349, in this Act referred to as the principal Act is amended in section 20(2) by repealing the phrase "or would be used in the provision of an exempt supply."

Implication/Comment:

The VAT Amendment Act 2021 kept importation of any service out of the ambit of VAT, which would be used in the provision of exempt supply (Financial, Medical, Education and insurance services, which are exempt as per Second Schedule of The VAT Act). With the above amendment, VAT on imported services becomes applicable, even if the same is to be used in provision of the exempt supply.

2. **Amendment to Section 26: VAT Liability to be discharged on cash basis for supplies made to the government.**

Implication:

VAT Act permits the taxpayers whose taxable supplies do not exceed Ush. 500 Million to discharge VAT liability on the cash basis. With the above amendment the VAT liability on supplies of goods or services made to government can also be discharged on the cash basis. It must be noted that taxpayer declaring VAT liability on the cash basis will only be able to claim input in relation to a supply to Government on which the VAT liability has been paid.

Comment:

Suppliers to Government were experiencing a cash flow challenge whereby they had to account for VAT even before payment was received. This amendment now means that the suppliers to Government will only account for VAT upon receipt of payment from the Government.

3. Amendment to First Schedule: Addition of International Development Law Organization (IDLO) and "Foreign Commonwealth and Development Office (FCDO)."

Implication/Comment:

International Development Law Organization (IDLO) and "Foreign, commonwealth and Development Office (FCDO) will be able to claim the input tax credit as well as eligible for a cash refund. Department for international Development (DFID) is substituted with "Foreign, commonwealth and Development Office (FCDO).

4. Insertion of subsection 31A(1a): Modification of due date in the filing of VAT returns for the service providers in certain mentioned industry sectors.

(a) In subparagraph (q) by substituting for item (xvi) with the following –

"(xvi) oxygen cylinder or oxygen for medical use;"

Implication/Comment:

As per the amendment, oxygen for medical use will be considered as an exempt supply.

By repealing subparagraph (sd);

Implication:

Supply of menstrual cups currently considered as exempt supply is to be considered as Zero-rated supply.

In subparagraph (rr) by repealing the words "at the level of a national referral hospital;"

Implication/Comment:

Currently VAT exemption on purchase of services to conduct a feasibility study, design and construction; the purchase of locally produced materials for the construction of premises and other infrastructure, machinery and equipment or furnishing and fittings is available to the developer of a hospital facility whose investment capital is at least USD 5 Million and the facility is at the level of a national referral hospital. Now the words "at the level of national referral hospital" are repealed to ease access to exemption from VAT on the various goods and services to a developer of a hospital facility, even when the facility does not attain a level of national referral.

By inserting immediately after subparagraph (ooo) the following –

"(ppp) the supply of assistive devices for persons with disability;

(qqq) the supply of airport user services charge by Civil Aviation Authority"

Implication/Comment:

While the VAT Act exempts medical supplies from VAT, assistive devices like hearing aids and braille for the blind are not categorized as medical supplies and hence they are not exempt from VAT. The amendment now seeks to expressly exempt assistive devices for persons with disabilities from VAT.

The current law does not exempt airport user service charge from VAT and these charges along with VAT component on same are included in the cost of the air ticket. The amendment now removes VAT on the user charge imposed by the Uganda Civil Aviation Authority.

5. Amendment of Third Schedule (Zero-Rated Supplies)

The Third Schedule to the principal Act is amended in paragraph 1 by substituting for subparagraph (d) the following—

"(d) the supply of educational materials including educational materials manufactured in a Partner State of the East African Community".

Implication:

The VAT Act zero rates educational materials manufactured in Uganda; the amendment now provides the same treatment to educational materials manufactured in the East African Community.

By substituting for subparagraph (j) the following –

"(j) the supply of sanitary towels, menstrual cups, tampons and the input for their manufacture,"

Implication:

Menstrual cups are now moved from the Second Schedule to the Third Schedule of the VAT Act for purposes of harmonizing its VAT treatment with that of similar items like sanitary pads and tampons.

Comment:

The Third Schedule deals with zero-rated supplies. Persons engaged in zero-rated supplies pay VAT at zero rate but are entitled to claim input VAT.

Summary of the proposed amendments which were NOT PASSED INTO THE LAW.

1. **Amendment of Second Schedule:** VAT exemption on supply of cotton seed cake was proposed to be repealed but the status quo has been maintained.

The Excise Duty (Amendment) Bill, 2022

Please find ahead a brief of what is contained in the Excise Duty (Amendment) Bill 2022 including our understanding of its implications and comments, if any:

Details of all the proposed amendments with their implications and comments, if any

1. Amendment in section 2 – Inserting of Definition of "Fruit Juice", "Un-denatured Spirits" and "Vegetable Juice"

The Excise Duty Act 2014, in this Act referred to as the principal Act is amended in section 2 —

(a) by inserting immediately after the definition of "export" the following—

""fruit juice" means unfermented liquid extracted from the edible part of a fresh fruit whether the extracted liquid is diluted or not;"

(b) by inserting immediately after the definition of "tribunal" the following—

""un-denatured spirits" means spirits, that are not mixed with any substance to render the spirits unfit for human consumption or capable of being rendered unfit for human consumption and includes neutral spirits or alcoholic beverages made from neutral spirits that are fit for human consumption".

(c) by inserting immediately after the definition of "value added tax" the following—

""vegetable juice" means unfermented liquid extracted from the edible part of a vegetable whether the extracted liquid is diluted or not;"

Implication/Comment:

The Excise Duty Act in Schedule 2 levies the duty of excise on various products where the words "Fruit Juice", "Un-denatured spirits" and "Vegetable juice" have been mentioned but these terms were never defined in the Act. The proposed amendment is intended to make clarity by defining the terms "fruit juice", "un-denatured spirits" and "vegetable juice".

This will attempt to create more clarity other than reliance on customs nomenclature or generally used definitions for the items in question.

2. Amendment of Schedule 2: The excise duty on the below-mentioned items is proposed to be changed as follows:

No.	Excisable item	Category	Current legislation	Nature of proposal	New legislation	Price Impact
1	Opaque beer	Beer	20% or Shs. 230 per litre, whichever is higher	Change in rate	12% or Shs 150 per litre, whichever is higher	▼
2	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	Sacks and bags of polymers of ethylene and other plastic bags	NIL	Insertion of the new excisable item(s)	40% or Shs. 4000 per kilogram whichever is higher	▲

Note: The above proposed amendments to the Excise Duty Act, were not assented by H.E. The President of the Republic of Uganda on the date of this publication

3. **Amendment of Schedule 2:** The excise duty on the below-mentioned excisable good or services is proposed to be kept unchanged but the specific requirements for the goods or service in question are proposed to be changed as follows:

No.	Item	Excisable item as per Current Legislation	Excisable item as per proposed amendment	Significance of proposed Amendment	Rate of Excise duty
1	SPIRITS	Un-denatured spirits made from locally produced raw materials	Un-denatured spirits of alcoholic strength by volume of 80% or more made from locally produced raw material	Specification of the proportion of Alcohol content	60% or Shs. 1,500 per litre whichever is higher
2		Un-denatured spirits made from Imported raw materials	Un-denatured spirits of alcoholic strength by volume of 80% or more made from imported raw material		100% or Shs. 2,500/= per litre, whichever is higher
3		NA	Any other un-denatured spirits that are locally produced of alcoholic strength by volume of less than 80% or		80% or Shs. 1,700/= per litre whichever is higher
4		NA	Any other un-denatured spirits that is imported of alcoholic strength by volume of less than 80%.		100% or Shs. 2,500/= per litre whichever is higher
5		NA	un-denatured spirits made from locally produced raw materials that are 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%	Introduced in 2021 in a statue which was not widely available.	NIL

4. **Amendment of Schedule 2:** The excise duty on the below-mentioned items is proposed to be changed as follows:

No.	Item	Excisable item as per Current Legislation	Excisable item as per proposed amendment	Significance of proposed Amendment	Rate of Excise duty
6	Non-Alcoholic	Fruit juice and vegetable juice, except juice made from at least 30% of pulp from fruit and vegetables grown in Uganda	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	Introducing the percentage by weight of a volume of the total composition	12% or shs. 250 per litre, whichever is higher.

Note: The above proposed amendments to the Excise Duty Act, were not assented by H.E. The President of the Republic of Uganda on the date of this publication

No.	Item	Excisable item as per Current Legislation	Excisable item as per proposed amendment	Significance of proposed Amendment	Rate of Excise duty
7	Non-Alcoholic	Any other non-alcoholic beverage locally produced other than the beverage referred to in subparagraph (a) made out of fermented sugary tea solution with a combination of yeast and bacteria	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	Reduction in Rate	12% or 150/= per litre whichever is higher
8	Tele-communication Services	Incoming international calls, except calls from the Republic of Kenya, the Republic of Rwanda and the Republic of South Sudan.	Incoming international calls, except calls from the Republic of Kenya, United Republic of Tanzania, the Republic of Rwanda and the Republic of South Sudan.	To include the Republic of Tanzania in the list of countries, where inbound international calls are exempt from duty.	USD 0.09 per minute
9	Fermented Beverages	Any other fermented beverages made from locally grown cider, perry, mead, spears or near beer	Any other fermented beverages including cider, perry, mead or near beer produced from locally grown or produced raw materials	Change in description	30% or shs 550 per litre whichever is higher
10	Investment- linked exemption	Construction materials of a manufacturer, other than a manufacturer referred to in item 21, whose investment capital is, at least fifty million United States Dollars or, in the case of any other manufacturer, who makes an additional investment equivalent to fifty million United States Dollars	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	Harmonizing investment-linked exemption threshold limit with Income Tax, VAT and Stamp Duty Act	NIL

Note: The above proposed amendments to the Excise Duty Act, were not assented by H.E. The President of the Republic of Uganda on the date of this publication

The Stamp Duty (Amendment) Act, 2022

Please find below a brief of what is contained in the Stamp Duty (Amendment) Act 2022, including our comments and its implications:

Amendments to the Stamp Duty Act:

Amendment to Schedule 2: *The Stamp Duty Act, 2014, in this Act referred to as the principal Act is amended in Schedule 2*

(a) by substituting for item 6 the following –

"6	*AGREEMENT relating to deposit of title-deeds, pawn pledge – of the total value*	*NIL*

(b) by inserting item 48 as follows

48	*"(d) Agricultural Insurance Policy*	*NIL*

(c) by substituting for item 56 the following –

56	*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*

(d) by substituting for the word "fifty" the word "thirty-five" in item 60A (f)

(e) By substituting for item 63 the following –

63	*TRUST – concerning any property made by any writing including a transfer from a holder of letters of administration or probate to a beneficiary*	*UGX 15,000*

Implication/Comments:

No Stamp duty

1. On agreement relating to deposit of title deeds, pawn pledge of the total value
2. On agricultural insurance policy
3. Security bond or mortgage executed by way off
   - An office
   - Account for money or other property received
   - Surety to secure a loan or credit facility
4. For the manufacturer, whose investment capital is USD 35 Million on certain transactions like increase of share capital, transfer of land etc.

Revised item 63 of second schedule

TRUST-*concerning any property made by any writing including a transfer from a holder of letters of administration or Probate orders to a beneficiary*

The Tax Appeals Tribunal (Amendment) Act, 2022

Please find below a brief of what is contained in the Tax Appeals Tribunal (Amendment) Act 2022, including our comments and its implications:

Amendments to the Tax Appeals Tribunal Act:

The Tax Appeals Tribunal Act, Cap.345 is amended in section 2

(a) by substituting for the word "four" the word "eight".

(b) by inserting immediately after subsection (2), the following-

"(3) At least forty percent of the members of the tribunal shall be women

Implication:

The number of members of tribunals has been increased from five members (including chairperson) to nine members (including chairperson) with at least forty percent of the members to be women.

Tax Procedures Code (Amendment) Act, 2022

Please find below a brief of what is contained in the Tax Procedures Code (Amendment) Act, 2022, including our understanding of its implications and comments, if any.

Executive summary of key amendments:

1. **Amendment of section 9:** Time frame for registration of a tax agent.
2. **Amendment of section 19B:** Insertion of penalty for failure to activate tax stamps.
3. **Amendment of section 33:** Temporary closure of businesses on non-compliance with the requirements of electronic receipting and invoicing or digital tax stamps.
4. **Amendment of section 42:** Penalty for Non-Disclosure of information to the Commissioner by a person engaged in the construction or extractive industry regarding the names of persons contracted in the course of performance of their duties or business
5. **Amendment of section 58:** Increased penalty for making false or misleading statements.
6. **Insertion of new Sections 62B, 62C, 62D, 62E, 62F, 62G and 62H:** Providing of offences for failure to affix or activate digital tax stamps, printing over or defacing of tax stamps, forgery of tax stamps, failure to use electronic receipting or invoicing, forgery of electronic receipt or invoice, interference with the electronic fiscal device or the electronic dispensing control device and offences relating to the exchange of information.
7. **Amendment of section 74A:** Amendment in the rewards paid to informers and capping of the rewards.

Details of all the amendments with their implications and comments, if any.

1. Amendment of section 9; Change in the time frame of registration of Tax agent

The Tax Procedures code Act. 2014 in this Act referred to as the principal Act is amended in section 9 by substituting for subsection (4) the following –

"(4) The registration of a tax agent shall remain in force from the date of issue of the certificate of registration to 31st December of the year of issue."

Implication/Comment:

The current provision provides for the validity of the certificate of registration of Tax Agents for 12 months from the date of registration. The new amendment now provides that irrespective of the issue date of a certificate of registration, the certificate shall lapse every 31st December.

2. Amendment of section 19B; Insertion of penalty for failure to activate tax stamps.

Section 19B of the principal Act is amended in subsection (1) by inserting immediately after the words "Section 19A (3)" the words "or to activate tax stamps"

Implication/Comment:

Section 19B deals with the Penal Tax relating to Tax stamps. Currently, penalty has been prescribed for failure to affix the digital stamps. The amendment now levy's a penalty in case of failure to affix or activate the Tax Stamps.

3. Amendment of section 33; Temporary closure of businesses on non-compliance with the requirements of electronic receipting and invoicing or digital tax stamps.

Section 33 of the principal Act is amended –

(a) In subsection (1) by inserting immediately after the word "payable" the words "or for failure to comply with the requirements of electronic receipting and invoicing or tax stamps within fifteen days from the date of the notice";

(b) by substituting for subsection 2,the following- "(2) Where a taxpayer does not pay the tax due or fails to comply with the requirements of electronic receipting and invoicing or tax stamps after service of a notice under subsection (l), the Commissioner or authorized officer may issue an order to close down part or the whole of the business premises of the taxpayer for a period not exceeding fifteen days."; and

By substituting for subsection (5) the following –

"(5) If the taxpayer complies with the tax obligation under subsection (1) during the period of closure, the commissioner shall immediately remove the notice referred to in subsection (4).

Implication/Comment:

Failure to comply with EFRIS or tax stamps shall lead to the closure of business premises upon 15 days' notice. An order to close premises for a period not exceeding 15 days' may be issued for non-compliance with EFRIS and tax stamps. The Commissioner shall remove the above notice after payment of tax due and the taxpayer has complied with the EFRIS and tax stamps. We, however, note that it remains unclear how a taxpayer will become compliant when their premises are closed. There is need for clarification on this point.

4. Amendment of section 42; Penalty for Non-Disclosure of information to the Commissioner by a person engaged in the construction or extractive industry, regarding the names of persons contracted in the course of performance of their duties or business.

Section 42 of the principal Act is amended by inserting immediately after subsection (4) the following –

"(5) Notwithstanding the provision of subsection (1), a person engaged in the construction or extractive industry shall disclose to the commissioner the name of the persons contracted in the course of performance of duties or business within seven days from the date of signing the contract.

(6) A person engaged in the construction or extractive industry, who fails to comply with the provisions of subsection(5), is liable to pay a penalty of one hundred currency points."

Implication/Comment:

Taxpayers engaged in the construction or extractive industry (Mining, Oil and Gas) to disclose to the commissioner, the names of contracted persons within 7 days of signing respective contracts. Failure to disclose the above shall attract a penalty of Ush 20,000,000.

5. Amendment of section 58: Increased penalty for making false or misleading statements

Section 58 of the principal Act is amended by substituting for the words "Two hundred" the words "Five thousand five hundred."

Implication/Comment:

The amendment enhances the penalty for making false or misleading statements from two hundred currency points **(Ush. 4 million)** to five thousand five hundred currency points **(Ush. 110 million).** The offence may also carry a prison term of 10 years or both the penalty and custodial sentence.

6. Insertion of new sections 62B, 62C, 62D, 62E, 62F, 62G and 62H for penalties for non-compliance of tax stamps and electronic receipting and invoicing

The principal Act is amended by inserting immediately after section 62A the following –

"62B Failure to affix or activate a tax stamps, A taxpayer who fails to affix tax stamps on goods prescribed under section 19A (3) or activate tax stamps commits an offence and is liable, on conviction, to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62C Prints over or defacing of tax stamps, A person who prints over or defaces tax stamps affixed on goods prescribed under section 19A(3) commits an offence and is liable, on conviction, to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62D Forgery of tax stamps, A person who forges or is found in possession of a forged tax stamp commits an offence and is liable, on conviction, to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62E Failure to use an electronic receipting or invoicing, A taxpayer specified under section 73A(2) who does not issue an e-invoice, issue an e-receipt or employ an electronic fiscal device in accordance with section 73A, commits an offence and is liable, on conviction, to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62F Forgery of electronic receipt or invoice, A person who forges or is found in possession of a forged electronic receipt or invoice commits an offence and is liable, on conviction, to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62G Interferance with the electronic fiscal device or electronic dispensing control device, A person who makes unauthorized interference with the software or hardware of an electronic fiscal device or electronic dispensing control device commits an offence and is liable, on conviction, to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62H Offences relating to automatic exchange of information, A person who contrary to the regulations made under section 88(3b) of the Income Tax Act –

(a) fails to file an information return for purposes of automatic exchange of information commits an offence and is liable, on conviction, to a fine not exceeding two thousand five hundred currency points for each day of default or to imprisonment for the term not exceeding ten years or both;

(b) fails to maintain records for purposes of automatic exchange of information commits an offence and is liable, on conviction, to a fine not exceeding two thousand five hundred currency points for each day of default or to imprisonment for a term not exceeding ten years or both;

(c) makes a false or misleading statement in the information return commits an offence and is liable, on conviction, to a fine not exceeding two thousand five hundred currency points for each day of default or to imprisonment for a term not exceeding ten years or both; or

(d) omits from a statement made in the information return commits an offence and is liable, on conviction, to a fine not exceeding two thousand five hundred currency points for each day of default or to imprisonment for a term not exceeding ten years or both."

Implication/Comment:

62B Failure to affix or activate a tax stamps: Fine not exceeding Ush 30,000,000 or imprisonment not exceeding 10 years or both

62C Prints over or defacing of tax stamps: Fine not exceeding Ush 30,000,000 or imprisonment not exceeding 10 years or both

62D Forgery of tax stamps: Fine not exceeding Ush 30,000,000 or imprisonment not exceeding 10 years or both

62E Failure to use an electronic receipting or invoicing: Fine not exceeding Ush 30,000,000 or imprisonment not exceeding 10 years or both

62F Forgery of electronic receipt or invoice: Fine not exceeding Ush 30,000,000 or imprisonment not exceeding 10 years or both

62G Interference with the electronic fiscal device or electronic dispensing control device: Fine not exceeding Ush 30,000,000 or imprisonment not exceeding 10 years or both

62H An offence relating to the automatic exchange of information

Fails to file an information return: Fine not exceeding Ush 50,000,000 for each day of default or imprisonment not exceeding 10 years or both

Fails to maintain records for automatic exchange of information: Fine not exceeding Ush 50,000,000 for each day of default or imprisonment not exceeding 10 years or both

Makes a false or misleading statement in the information return: Fine not exceeding Ush 50,000,000 for each day of default or imprisonment not exceeding 10 years or both

Omits from a statement made in the information return: Fine not exceeding Ush 50,000,000 for each day of default or imprisonment not exceeding 10 years or both

7. Amendment of section 74A; Amendment in the payment of informers and for related matters

The principal Act is amended by substituting for section 74A the following –

"74A. Payment of informers

(1) The commissioner shall pay to a person who –

(a) Provides information leading to the identification of unassessed tax or duty one per cent of the tax or duty assessed or fifteen million shillings, whichever is less; or

(b) Provides information leading to the recovery of unassessed tax or duty five per cent of the tax or duty recovered or one hundred million shillings whichever is less.

(2) Subsection (1) shall not apply to an officer or a staff of the Authority.

Implication/Comments:

As per the proposed amendment, the payment to informers on the provision of information leading to the identification of unassessed tax or duty is as below;

Particulars	New legislation
Provide information leading to the identification of unassessed tax or duty	1% of the tax or duty assessed or Ush. 15,000,000 whichever is less
Provide information leading to the recovery of unassessed tax or duty	5% of the tax or duty or Ush. 100,000,000 whichever is less.

Grant Thornton

Grant Thornton named one of the 50 'World's Most Attractive Global Employers'

"At Grant Thornton, we are committed to a distinctive and differentiated work environment where our people feel motivated, inspired and trusted. We want people to love working here."

APPROVED ACCA EMPLOYER

Trainee Development - Gold

Grow relationships and revenue beyond Uganda

As a cohesive global organisation we give you access to consistent level of quality and a seamless service wherever you choose to do business.

As a member firm of Grant Thornton International Ltd, we deliver connections which help you to leverage the powerful contacts, client base and revenues which are available around the globe, supporting you to grow your business overseas.

Brand promise

This is the promise we make, today and every day

"We go beyond business as usual to deliver a different experience. More personal, agile and proactive. We challenge conventions to find better solutions. So our people, clients and communities can positively shape tomorrow."

Audit | Tax | Advisory
www.gtuganda.co.ug

Uganda

KAMPALA
3rd Floor, Lugogo One,
Plot 23, Lugogo Bypass,
PO Box 7158
Kampala, Uganda
T: +256 200 907 333
+256 393 266 850

E: info@ug.gt.com
www.gtuganda.co.ug

Kenya

NAIROBI
5th Floor, Avocado Towers
Muthithi Road, Westlands
PO Box 46986 - 00100 GPO,
Nairobi, Kenya
T: +254 20 375 2830
+254 20 269 9539
+254 728 960 963
+254 735 370 009

E: info@ke.gt.com
www.grantthornton.co.ke

Ethiopia

ADDIS ABABA
Grant Thornton building,
4th Floor, Guinea Conakry
Street,
Kazanchis District
PO Box 25437-1000
Addis Ababa, Ethiopia
T: +251 011 555 6364

E: info@et.gt.com
www.et.gt.com

Tanzania

DAR ES SALAAM
207, Viva Tower
Ali Hassan Mwinyi Road
PO Box 443
T: +255 767 206 223

E: info@tz.gt.com
www.grantthornton.co.tz

Grant Thornton

www.gtuganda.co.ug