



## **CERTIFICATE OF FINANCIAL IMPLICATIONS**

(Made under Section 76 of the Public Finance Management Act, 2015)

**THIS IS TO CERTIFY** that the Bill entitled, the INCOME TAX (AMENDMENT) BILL 2022, has been examined as required under Section 76 of the Public Finance Management Act, 2015. I wish to report as follows: -

**(a) That the Bill has the following objectives:**

1. To substitute the definition of “beneficial owner”;
2. To revise the definition of “exempt organization”; to revise the tax rate applicable to individuals and companies for purposes of rental income;
3. To provide for a ceiling on deductible expenses on rental income for non-individuals;
4. To provide for the extension of the tax holiday for Bujagali Hydro Power Project for five years;
5. To provide for the harmonisation of the scope of qualifying sectors for tax incentives and related investment thresholds under the Income Tax Act, Cap. 340, Value Added Tax Act, c ap. 349, Excise Duty Act, 2014 and Stamp Duty Act, 2014;
6. To provide for exclusion of income from transportation of cargo embarking outside Uganda;
7. To clarify the apportionment of income qualifying for exemption under the ten-year tax holiday;
8. To provide for the definition of “business asset” for the purposes of section 118B (2);
9. To provide for the International Development Law Organisation as a listed institution and for related matters.

**(b) That it is expected to achieve the following outputs:**

1. To address distortions in the rental tax regime by introducing a cap on rental expenses incurred by non- individuals and impose a flat rate on rental income of individuals,
2. To reduce tariffs of hydro electricity generated by the Bujagali Hydro Power Project, and
3. To improve compliance and ease tax administration.

**(c) That the expenditure plan by major components for the next two years.**

Since this is an amendment to the existing tax provisions, there is no expenditure plan specifically different from the overall allocation of Shs.521.43 Billion for FY 2022/23 and Shs.521.43 billion for FY 2023/24 to Uganda Revenue Authority.

**(d) That the funding and budgetary implications are the following:**

Funding is going to be through overall Government budgetary allocations to Uganda Revenue Authority.

**(e) Expected savings and/or revenue to Government:**

Revenue loss expected from the Bill is estimated to be UGX **48.8112 billion** annually.

Submitted this **30<sup>th</sup> March, 2022** under my hand.



Amos Lugoloobi (MP)

**MINISTER OF STATE FOR FINANCE PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) ALSO HOLDING THE PORTFOLIO OF MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT**