



THE REPUBLIC OF UGANDA

*Laid on table by Hon. Matia Kasajja
on 31/3/2020
Pma*

CERTIFICATE OF FINANCIAL IMPLICATIONS

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

THIS IS TO CERTIFY that the Bill entitled, the VALUE ADDED TAX (AMENDMENT) Bill 2020, 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 objective:

1. To generate revenue
2. To limit deferral of remittance of VAT by taxpayers who abuse the policy by perpetual offsets;
3. To provide for Government's commitment to relieve Islamic Development Bank from payment of VAT on its purchases;
4. To ring fence input tax credit during construction;
5. To incentivize and mechanize agriculture;
6. To avoid the ambiguity in interpretation of the law;
7. To provide an exception for certain critical inputs and services which can't be provided locally so as to reduce the costs of production;
8. To reduce the cost of Digital Tax Solution;
9. To reduce environmental degradation;
10. To reduce the cost of imported specialized services that are critical inputs for production;
11. To protect processed milk from competition from unprocessed milk products;

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

1. To raise revenue
2. To improve compliance and ease 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 438.26 billion for FY 2020/21 and Shs 484.53 for 2021/22 Financial Year 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:

The estimated revenue loss from the VAT measures is about Shs.67.0 billion annually.

Submitted this **31st March, 2020** under my hand.

Matia Kasajja (MP)

MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT