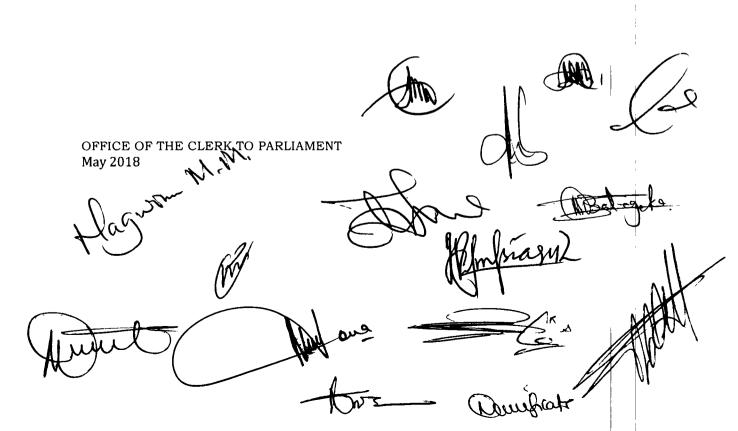


PARLIAMENT OF UGANDA

REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE STAMP DUTY (AMENDMENT) BILL, 2018



REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE STAMP DUTY (AMENDMENT) BILL, 2018

1.0 Introduction

The Stamp Duty (Amendment) Bill, 2018 was read for the first time on the 3rdApril 2018 and referred to the Committee on Finance, Planning and Economic Development in accordance with Rule 118 of the Rules of Procedure of Parliament.

2.0 Object of the Bill

The object of the bill is to amend the Stamp Duty Act, 2014, to provide for the imposition of stamp duty on instruments used in Islamic financial transactions; to exempt instruments executed in respect of land acquisition for purposes of strategic investment projects from stamp duty; to exempt instruments for financing of strategic investment projects from stamp duty, and to vary the stamp duty chargeable on certain instruments.

3.0 Methodology

The Committee held meetings and received memoranda from the following:

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- (i) Minister of Finance, Planning and Economic Development
- (ii) Ministry of Education and Sports
- (iii) Uganda Revenue Authority
- (iv) Uganda Law Society
- (v) Uganda Manufacturers Association
- (vi) Uganda Breweries Limited
- (vii) Uganda Bookman and Gaming Association
- (viii) Association of Soft Drink Manufacturers
- (ix) Price Waterhouse Coopers
- (x) Uganda Bankers Association
- (xi) Uganda Tax Alliance MiW

- (xii) Buganda Kingdom
- (xiii) MTN Uganda
- (xiv) REEV Consult
- (xv) Uganda Forex Bureau and Money Lenders Association
- (xvi) Uganda Cooperative and Savings Credit Union Limited
- (xvii) Uganda Solar Energy Association

4.0 Observations by Committee

The Committee observed that:

- (i) The bill seeks to impose Stamp Duty on instruments used in Islamic Financial transaction. This will be done by a statutory instrument issued by the Minister prescribing the instruments liable to pay Stump duty. However, no information was provided to the Committee to support this proposal. Therefore this proposal should not be passed.
- (i) Stamp duty is proposed to be increased from shs.10,000 to shs.
 15,000 on all instruments that currently attract stamp duty of shs.
 10,000. Most of the instruments currently attract stamp duty of shs.
 10,000 with exception of those that attract ad valorem duty. The increment of shs. 5000 will discourage people from registering instruments thus promoting informal transactions.
- (ii) The bill seeks to exempt the stamp duty chargeable in respect of an instrument executed by government by, or on behalf of a company or government for the sole purpose of implementing strategic investment projects. The beneficiaries will include developers of an industrial park or free zone whose investment capital is at least USD 100m; operators operating an industrial park and free zones with investment capital of USD 15m; investors putting up a hotel or tourist facility with investment capital of USD 5m; or investors putting up a hospital

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facility with investment capital of USD 5m. This proposal is intended to encourage investment in capital intensive projects by exempting payment of stamp duty at the commencement of the project. This proposal will create a discrepancy between investors especially those investing in hospitals, hotels and tourist facilities. Investors in industrial parks and those in free zones already receive land as an investment incentive.

5.0 Recommendations

The Committee recommends that:

- (i) All investors in the hotel, tourism facility and hospitals should not pay stamp duty on all their instruments;
- (ii) The instruments liable to pay stamp duty under Islamic financial transactions should be passed by Parliament as a schedule to the Bill;
- (iii) The investment incentives should be transferred to the investment code
- (iv) The Stamp Duty (Amendment) Bill, 2018 be passed into law subject to proposed amendments.



PROPOSED AMENDMENTS TO THE STAMP DUTY (AMENDMENT) BILL, 2018

1. Clause 2

Clause 2 should be deleted

Justification

The committee was constrained to support the proposal for the reason that there was no information provided to the committee to justify the proposal.

2. Clause 3

Clause 3 is amended-

- (i) in paragraph (a) by substituting for the words "two hundred" the words "one hundred"
- (ii) in paragraph (b)(i) by substituting for the words "thirty" the words "fifteen"
- (iii) in paragraph (c) by substituting for the word "fifteen" the word "eight"
- (iv) in paragraph (d) by substituting for the word "ten" the word "five"

Justification

To reduce the threshold for capital investment in order to attract investors in the country



REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE STAMP DUTY (AMENDMENT) BILL, 2018

No	NAME	CONSTITUENCY	SIGNATURE	
1	Hon. Musasizi Henry, CP	Rubanda East	atho	
2	Hon. Katali Loy, V/CP	DWR Jinja		
3	Hon. Acidri James	Maracha East		
4	Hon. Lugoloobi Amos	Ntenjeru North	- Honor	
5	Hon. Asiku Elly Elias	Koboko North		
6	Hon. Bategeka Lawrence N	Hoima Municipality	- Alzabepela	
7	Hon. KaluleSengo Emmanuel	Gomba East	l o	
8	Hon. KamateekaJovah	DWR Mitooma	aboundedle	
9	Hon. KatotoHatwib	Katerera County	(Bga	
10	Hon. Lokii John Baptist	Matheniko County		
11	Hon. Nagwomu Moses M	Bunyole East	Alt - the b	
12	Hon. Niringiyimana James .K.	Kinkizi West		
13	Hon. Opolot Isiagi Patrick	Kachumbala County	Minpian 2	
14	Hon. TumuramyeGenensio	Kashongi County	then	
15	Hon. Naigaga Mariam	DWR Namutumba	Damproifs	
16	Hon. Ilukor Charles	Kumi county -		
17	Hon. Okello Anthony	Kioga County	Traz_	
18	Hon. Ayepa Michael	Labwor County	Johnet	
19	Hon. WalyomuMuwanika Moses	Kagoma County		
20	Hon. Mulindwa Isaac Ssozi	Lugazi Municipality	A ma	
21	Hon. Adong Lilly	Nwoya District		
22	Hon. Mukula Francis	Agule Pallisa		
23	Hon. Kakooza James	Kabule County		
24	Hon. Bagoole John Ngobi	Luuka County	ANAL	
25	Hon. Nathan Nandala-Mafabi	Budadiri West	1110 Nacal	
26	Hon. Akol Anthony	Kilak North		

27	Hon. Odonga Otto	Aruu County		1
28	Hon. Luttamaguzi Semakula	Nakaseke South		+ +·
29	Hon. Akello Judith Franca	Agago District	jan i	· · ·