

PARLIAMENT OF UGANDA

REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE TAX PROCEDURES CODE (AMENDMENT) BILL, 2018

OFFICE OF THE CLERK TO PARLIAMENT
May 2018

- (xi) Uganda Tax Alliance
- (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 the Committee

The Committee observed that:

- (i) The Bill provides for the manner in which tax returns are to be furnished to the Revenue Authority. Licensed persons in the business of casinos, lotteries and gaming are obliged to furnish weekly and monthly returns in order to manage risk as payouts are done on a daily basis.
- (ii) Taxes owed by government to Uganda Revenue Authority will be waved as at 30th June 2018 except withholding tax. Government makes commitments to pay taxes on behalf of some taxpayers in strategic sectors through agreements, memorandum of understanding or commitment letters. It is important that the authority of the Minister to pay such taxes is clearly spelt out in the law to ensure certainty of the policy. Previously the Minister has paid taxes under the normal expenditure framework. However, direct taxes like Pay as you earn and income tax should not be exempted.
- (iii) The tax arrears arose because of Government's failure to meet her obligation of counterpart funding and where government had made commitments to pay on behalf of some tax payers but was not duly appropriated the necessary resource. The accumulated tax arrears currently amount to shs.132bn. It is imperative that these arrears are extinguished to spare the authorities the necessary burden of pursuing

Handwritten signatures and notes:
 - A large scribble on the left side.
 - A signature that appears to be "Sathelle" with a large flourish.
 - A signature that appears to be "Hagun" with "Moss" and "Mush" written below it.
 - A signature that appears to be "Tore".
 - A signature that appears to be "J. J. J." with "Shu" written below it.
 - Several other smaller scribbles and initials.

them. Specific measure have been introduced by government to minimize recurrence of this challenge through the VAT deeming provision on donor funded projects and by providing for payment of taxes in the law. The Minister is obliged to publish in the Gazette and a newspaper of national circulation, a list of tax obligations which were waived to ensure transparency.

- (iv) Miss-invoicing, under invoicing and forgeries have greatly undermined compliance and revenue collections especially with respect to Value Added Tax and Corporation tax. A centralized receipting system will assist with availability of more credible taxpayer records and provides an audit trail. This will increase the quality of declarations, minimize forgeries in VAT claims and progressively lead to higher revenue outturn. Government should embark on a campaign to promote the use and demand of receipts for any commercial transaction.
- (v) The tax Procedures Code Act was passed to provide for mechanisms in which taxes are to be paid. All matters relating to procedures should be consolidated in this law only to easy tax payments.
- (vi) Tax payers are supposed to file returns at the end of each financial year. Uganda Revenue Authority is supposed to carry out an assessment on the returns and confirm the tax to be paid within a year. However, it has been a practice of URA not to conduct an assessment within a year. This has affected tax payers as URA conducts the assessment after several years of filing returns but imposes interest on the tax payer from the time of filling returns. The inefficacies of URA should not be visited on innocent tax payers. Where a tax payer files returns with URA but an assessment is not carried out within a year, interest due on the monies owed to government from the period under assessment shall accrue from the date on which the assessment was conducted.
- (vii) The bill proposes to authorize government to pay any tax due and payable arising from any commitment made by Government to pay tax

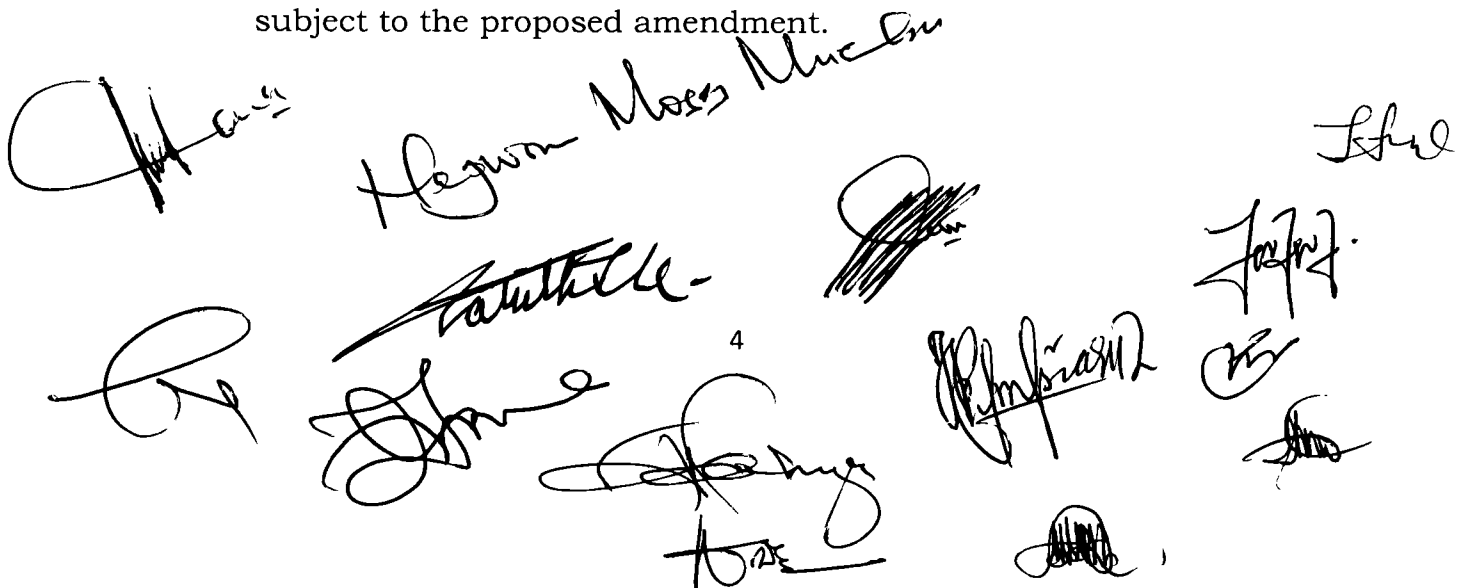
The bottom of the page contains several handwritten signatures and scribbles in black ink. One signature is clearly legible as 'Ngom Moses Mus...'. There are also various other scribbles and initials scattered across the bottom section.

on behalf of a person or owing from government to pay on behalf of a person or owing from government through the acquisition of goods and services. This will create unfairness to other tax payers. Taxes like income tax are charged on the income of the person and should not be paid by government. Government should desist from entering agreements that exempt tax payers from paying tax while allowing others to pay.

5.0 Recommendation

The Committee recommends that:

- (i) All indirect taxes owed by government to Uganda Revenue Authority be waived. Direct taxes like income tax, pay as you earn and withholding tax should however be paid.
- (ii) Exceptional powers should not be given to the Minister to pay taxes on behalf of any persons(s) for acquisition of goods and supplies by government;
- (iii) All VAT registered tax payers should acquire cash machines within 5 years. A tax payer who is registering for VAT must acquire the cash register. The expense by a tax payer to purchase a cash register should be an allowable deduction on VAT returns;
- (iv) Government should not pay taxes on behalf of persons who have earned income;
- (v) Interest shall accrues from the time URA makes the assessment;
- (vi) Tax Procedures Code (Amendment) Bill, 2018 be passed into law subject to the proposed amendment.

A collection of handwritten signatures and initials in black ink, scattered across the bottom half of the page. The signatures vary in style, with some being highly stylized and others more legible. One signature clearly reads 'Hegwon Moss Mucem'. There are also several sets of initials and scribbles.

THE TAX PROCEDURES CODE (AMENDMENT) BILL, 2018

1. Clause 1

Clause 2 is amended by deleting the headnote and substituting the following-

“2. Amendment of section 16 of the principal Act”

Justification

To correct a drafting error

2. Insertion of a new clause 3 immediately after clause 2 to read as follows and the Bill be renumbered:

“3. Amendment of section 20 of principal Act

Section 20 of the principal Act is amended by adding a new subsection (6) immediately after subsection (5) to read as follows:

“(6) Where a tax payer files returns with the Authority and an assessment is done by the Authority within a year, interest on the monies due from the period of assessment shall accrue from the date on which the assessment was conducted.

Justification

To allow for computation of interest on the monies owing to the Authority to be computed from the time the interest is due.

3. Clause 3

Clause 3 is amended-

- (i) by deleting the proposed subsection (2a)
- (ii) by deleting the proposed subsection (2b) and substituting the following-

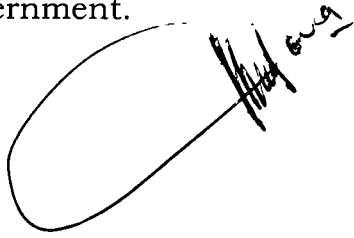
“(2b) All taxes due and unpaid by the Government, except pay as you earn, income and withholding tax, as at 30th June, 2018 are waived”

Justification

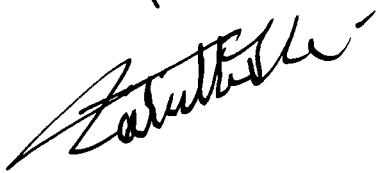
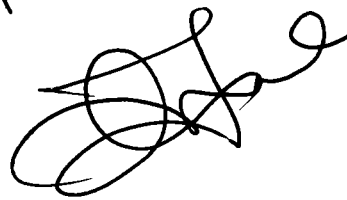
- (a) To allow income, pay as you earn and withholding tax to be waived by the Government; and

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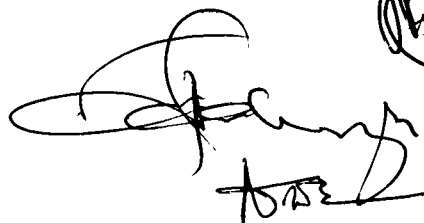
(b) Exceptional powers should not be given to the Minister to pay taxes on behalf of any person(s) for acquisition of goods and supplies by government.



Magnum Moses Mucbon



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**REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT ON THE TAX PROCEDURES CODE (AMENDMENT) BILL,
2018**

No	NAME	CONSTITUENCY	SIGNATURE
1	Hon. Musasizi Henry, CP	Rubanda East	
2	Hon. Katali Loy, V/CP	DWR Jinja	
3	Hon. Acidri James	Maracha East	
4	Hon. Lugoloobi Amos	Ntenjeru North	
5	Hon. Asiku Elly Elias	Koboko North	
6	Hon. Bategeka Lawrence N	Hoima Municipality	
7	Hon. KaluleSengo Emmanuel	Gomba East	
8	Hon. KamateekaJovah	DWR Mitooma	
9	Hon. KatotoHatwib	Katerera County	
10	Hon. Lokii John Baptist	Matheniko County	
11	Hon. Nagwomu Moses M	Bunyole East	
12	Hon. Niringiyimana James .K.	Kinkizi West	
13	Hon. Opolot Isiagi Patrick	Kachumbala County	
14	Hon. TumuramyGenensio	Kashongi County	
15	Hon. Naigaga Mariam	DWR Namutumba	
16	Hon. Ilukor Charles	Kumi county	
17	Hon. Okello Anthony	Kioga County	
18	Hon. Ayepa Michael	Labwor County	
19	Hon. WalyomuMuwanika Moses	Kagoma County	
20	Hon. Mulindwa Isaac Ssozi	Lugazi Municipality	
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	
25	Hon. Nathan Nandala-Mafabi	Budadiri West	

26	Hon. Akol Anthony	Kilak North	
27	Hon. Odonga Otto	Aruu County	
28	Hon. Luttamaguzi Semakula	Nakaseke South	
29	Hon. Akello Judith Franca	Agago District	