



PARLIAMENT OF UGANDA

**REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND
ECONOMIC DEVELOPMENT ON THE TOBACCO CONTROL
(AMENDMENT) BILL, 2020**

OFFICE OF THE CLERK TO PARLIAMENT
April 2020

REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE TOBACCO CONTROL (AMENDMENT) BILL, 2020

1.0 Introduction

The Tobacco Control (Amendment) Bill, 2020 was read for the first time on the 8th April, 2020 and referred to the Committee on Finance, Planning and Economic Development in accordance with Rule 128 of the Rules of Procedure of Parliament.

2.0 Object of the Bill

The object of the bill is to amend the Tobacco Control Act, 2015 to impose an export levy on processed and unprocessed leaf tobacco.

3.0 Methodology

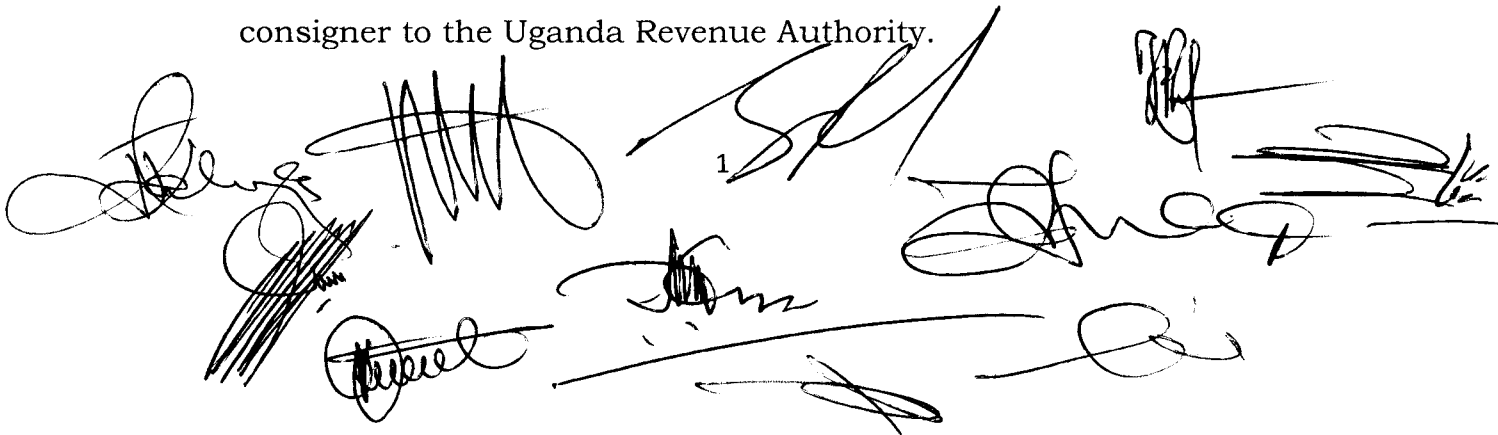
The Committee received written submissions from the following:

1. The Minister of Finance, Planning and Economic Development;
2. The Uganda Revenue Authority;
3. The Private Sector Foundation;
4. M/s Leaf Tobacco and Commodities (U) Limited;
5. M/s Tobacco Control Tax Advocacy ; and
6. The Civil Society Budget Advocacy Group (CSBAG)

4.0 Observations by the Committee

The Committee observes that;

- (i) The bill seeks to amend the Tobacco Control Act 2015 by imposing an export levy on processed and unprocessed tobacco leaf of USD 0.8 per kg which is consigned out of Uganda. The levy shall be paid by the consigner to the Uganda Revenue Authority.

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- (ii) The export levy on unprocessed leaf Tobacco was introduced by Parliament under the Finance Act 2014. Clause 3 of the Bill therefore seeks to harmonize that requirement by repealing section 7 of the Finance Act of 2014 and introducing section 23A under Clause 2 of the Bill.
- (iii) In order to promote processing of tobacco in Uganda, an export levy should not be imposed on processed tobacco. This will encourage value addition in the sector and encourage more investment in the sector. Processed tobacco provides employment for citizens, pays for utilities, uses services in Uganda and contributes to other taxes in the country.
- (iv) Uganda tobacco crop has been harvested by foreign companies who export the tobacco in raw form, only to be processed in the neighboring countries and then re-exported into Uganda which has turned the country into a supermarket for cigarettes. The bill in its current form encourages manufacturers to relocate their industries within the EAC region where tax rates are lower which leads to a reduction in the total revenue to the government from local manufacturers, and increase in contraband and smuggling of cigarettes into Uganda, loss of jobs and employment to Ugandans and non-promotion of agri-industrialization of the Uganda economy.
- (v) The proposed amendment will undermine businesses which have invested in Uganda while promoting those businesses which exited Uganda for production advantages in the region.

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5.0 Recommendation by the Committee

The Committee recommends that:

- (i) Clause 2 of the bill should be amended so that the export levy is only charged on exports of unprocessed leaf tobacco;
- (ii) The Tobacco Control (Amendment) Bill, 2020 should be passed into law subject to the proposed amendment.

PROPOSED AMENDMENT

CLAUSE 2.

Delete the word “processed” wherever it appears in the entire clause.

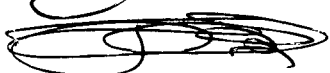
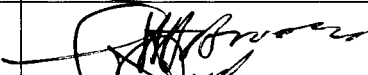


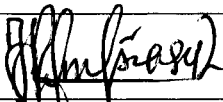

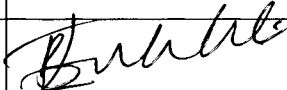

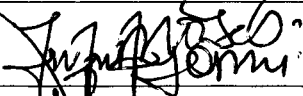
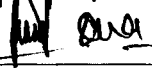
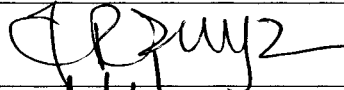

Justification

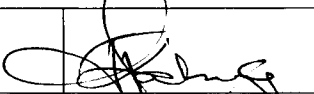

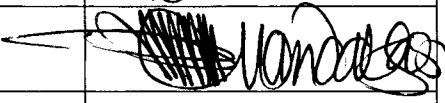

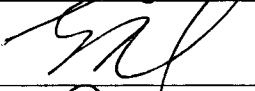

Imposing an export levy on processed leaf Tobacco at the same rate with unprocessed leaf undermines the efforts of BUBU and hinders the industrialization of the economy. The proposal will undermine businesses that have invested in Uganda while promoting those businesses that exited Uganda for production advantages in the neighboring countries.



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**REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT ON THE TOBACCO CONTROL (AMENDMENT) BILL, 2020**

No	NAME	CONSTITUENCY	SIGNATURE
1	Hon. Musasizi Henry, CP	Rubanda East	
2	Hon. Avur Jane Pacuto	DWR Pakwach	
3	Hon. Lugoloobi Amos	Ntenjeru North	
4	Hon. Asiku Elly Elias	Koboko North	
5	Hon. Bategeka Lawrence N	Hoima Municipality	
6	Hon. Abala David	Ngora County	
7	Hon. Katoto Hatwib	Katerera County	
8	Hon. Opolot Isiagi Patrick	Kachumbala County	
9	Hon. Tumuramyé Genensio	Kashongi County	
10	Hon. Stella Kiiza	Kyegegwa District	
11	Hon. Ilukor Charles	Kumi county	
12	Hon. Lokii John Baptist	Matheniko County	
13	Hon. Walyomu Muwanika Moses	Kagoma County	
14	Hon. Mulindwa Isaac Ssozi	Lugazi Municipality	
15	Hon. Odur Jack Lutanywa	Kibanda South	
16	Hon. Achia Remigio	Pian County	
17	Hon. Mukula Francis	Agule Pallisa	

18	Hon. Kakooza James	Kabulo County	
19	Hon. Ayepa Michael	Labwor County	
20	Hon. Nathan Nandala-Mafabi	Budadiri West	
21	Hon. Akol Anthony	Kilak North	
22	Hon. Mukoda Julie Zabwe	DWR Mayuge	
23	Hon. Luttamaguzi Semakula	Nakaseke South	
24	Hon. Akello Judith Franca	Agago District	
25	Hon. Ochan Patrick	Apac Municipality	