

REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE TAX PROCEDURE CODE (AMENDMENT) BILL, 2024

1.0 Introduction

The Tax Procedure Code (Amendment) Bill, 2024 was, at the 18th Sitting of The 3rd Meeting of the 3rd Session of the 11th Parliament Of Uganda held on Thursday 28th March, 2024, presented for First Reading and referred to the Committee on Finance, Planning and Economic Development for further scrutiny.

Rt. Hon. Speaker, the Committee considered the Bill through consultations with different stakeholders, and hereby reports.

2.0 Object of the Bill

The object of this Bill is to amend the Tax Procedures Code Act, 2014, to require a taxpayer who intends to claim a deduction of or credit for the goods destroyed to inform the Commissioner before the destruction of the goods.

3.0 Methodology

The Committee held meetings and received memoranda from the following; -

- i) Minister of Finance, Planning and Economic Development.
- ii) The Attorney General.
- iii) Uganda Revenue Authority.
- iv) Uganda Law Society.
- v) Southern and Eastern Africa Trade Information and Negotiations Institution (SEATINI-Uganda)
- vi) Private Sector Foundation Uganda.
- vii) Uganda Manufacturers Association.
- viii) Price Waterhouse Coopers.

4.0 Observations and Recommendations of the Committee

The Committee made the following observations and recommendations based on the Minister's proposals and the stakeholders' views;

4.1 General Observations and Recommendations

i. Revenue and Certificates of Financial Implication

Section 76 (2) of the Public Finance Management Act 2015 (PFMA) requires that the Certificate of Financial Implication of any given Bill should indicate the

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estimates of revenue and expenditure over a period of not less than two (2) years after coming into effect.

The Committee noted that the Certificate of Financial Implication issued for the Bill was inadequate in as far as detailing the estimates of revenue for the each of the next two (2) financial years.

Additionally, the Certificate did not indicate the impact of the Bill on the economy. This is inconsistent with Section 76 (3) of the PFMA.

ii. Generation of tax proposals

While the Committee received briefs on the proposed tax amendments in the Bill, there were no research reports availed to the Committee. The briefs do not highlight the cost of implementation, the yield in terms of revenue and the general impact on the economy.

The Committee also noted with concern as reported in the Domestic Revenue Mobilization Strategy Annual Monitoring Plan for FY2022/23 that:

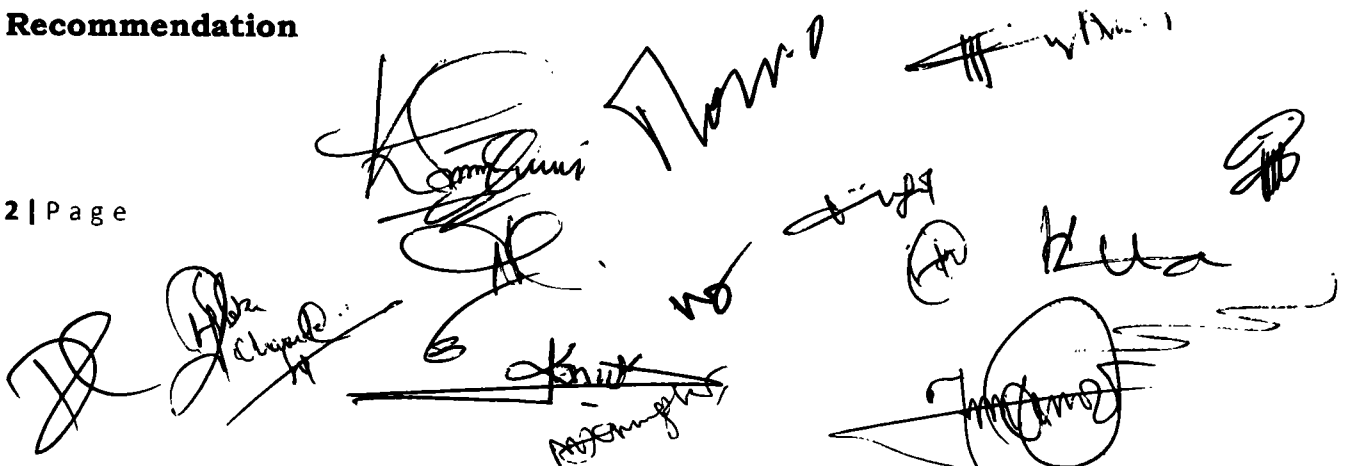
- a) Majority of the tax law amendments are not informed by tax related analytical briefs; and
- b) Weak partnerships between the Tax Policy Department in the MFPED and URA. This undermines evidence-based tax development mechanisms.

The Committee further notes that the Ministry responsible for Finance failed to adhere to a previous recommendation of Parliament while considering Bills for the FY 2023/24 that every Bill should be accompanied by stand-alone evaluation or regulatory impact assessment.

iii. Stability of the tax regime

The Committee observed that the frequent amendment of tax laws has caused challenges to both the tax payer and Uganda Revenue Authority while administering the taxes. The Committee attributed this to the absence of a comprehensive tax policy.

Recommendation

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The Committee recommends that the Ministry of Finance establishes a comprehensive taxation policy to address among others, stability of the tax regime.

iv. Silence on new International Tax Measures

The Committee observed that whereas the Minister presented new tax policy measures in the 2024 Tax Bills, with the exception of the levy on petroleum products, there was a notable absence of measures covering international trade taxes. At the same time, the projected tax collections under international taxes was projected to decline slightly, on a year-on-year basis.

The Committee further established that tax policy on international trade is agreed jointly by a council of East African Community Ministers responsible Finance. Accordingly, Parliament is never given its constitutional duty to scrutinise tax policies under this category.

Recommendation

The Committee recommends that the Minister should always report to Parliament at the earliest opportunity after the meeting of the EAC Finance Ministers in order to afford the House an opportunity for an input into all new tax measures.

4.2 Clause 2: insertion of section 18(A) immediately after Section 18 of the Act

The proposed amendment seeks to compel a tax payer to inform the Commissioner General before destroying damaged stock, expired stock, damage of manufactured stock, expiry of manufactured stock or obsolete stock.

The Committee observed that this measure will enable the Commissioner General to validate the deduction being claimed by a taxpayer before allowing it.

Recommendation

The Committee recommends that the proposed amendment should be adopted.

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TAX PROCEDURES CODE (AMENDMENT) BILL, 2024

Insertion of New Clause

The Bill is amended by inserting immediately after clause 2 the following-

Amendment of section 40D of principal Act

Section 40 of the principal Act is amended-

- (a) in subsection (1), by substituting for the words "at 30th June, 2023, by 31st December, 2023, the words "at 30th June 2024 by 31st December, 2024"; and
- (b) in subsection (2) by substituting for the words "at 30th June, 2023, by 31st December, 2023, the words "at 30th June 2024 by 31st December, 2024"

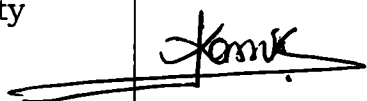
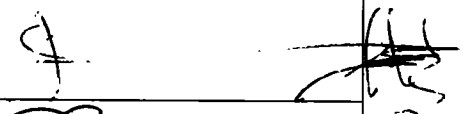
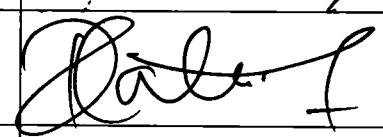

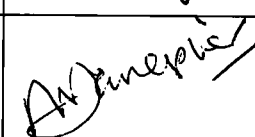
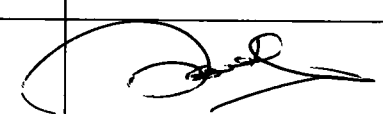
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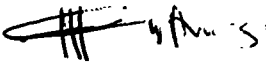

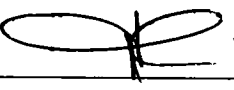



To increase the period within which the Commissioner may waive the payment of interest and a penalty where the tax payer voluntarily pays the principal.

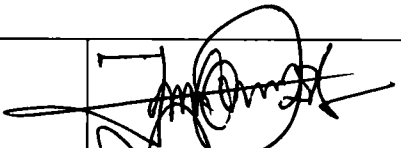
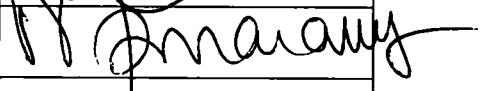
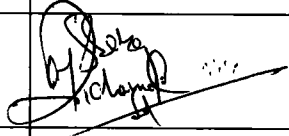


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MEMBERS OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE TAX PROCEDURES CODE (AMENDMENT) BILL, 2024

NO	NAME	CONSTITUENCY	SIGNATURE
1	Hon. Kankunda Amos Kibwika CP	Rwampara County	
2	Hon. Avur Jane Pacuto D/CP	DWR Pakwach	
3	Hon. Opolot Patrick Isiagi	Kachumbala County	
4	Hon. Wamakuyu Ignatious Mudimi	Elgon County	
5	Hon. Dicksons Kateshumbwa	Sheema Municipality	
6	Hon. Dr. Kugonza Emely	Buyanja East	
7	Hon. Mbabazi Jenepher Kyomuhendo	Kagadi	
8	Hon. Bataringaya Basil	Kashari North County	
9	Hon. Asimwe K Enosi	Kabula County	
10	Hon. Aleper Moses	Chekwii County	
11	Hon. Katwesigye Oliver Koyekyenga	Buhweju	
12	Hon. Tayebwa Herbert Musasizi	Kashongi County	

13	Hon. Okot John Amos	Agago North County	
14	Hon. Kyooma Xavier Akampurira	Ibanda County North	
15	Hon. Nakut Faith Loru	DWR Napak	
16	Hon. Nangoli Gerald	Elgon North County	
17	Hon. Katali Loy	DWR Jinja	
18	Hon. Ochai Maximus	West Budama County North	OK
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22	Hon. Muwanga Kivumbi	Butambala County	
23	Hon. Ssenyonyi Joel	Nakawa West	
24	Hon. Nandala Mafabi	Budadiri West County	
25	Hon. Nabagabe Kalule Flavia	Kassanda WDR	
26	Hon. Akol Anthony	Kilak North	
27	Hon. Luttamaguzu Semakula P.K	Nakaseke South	

28	Hon. Ocan Patrick	Apac Municipality	
29	Hon. Omara Paul	Otuke County	
30	Hon. Agnes Atim Apea	DWR - Amolatar	
31	Hon. Mpindi Bumali	PWD. Rep	
32	Hon. Richard Sebalama	Bukoto Central	
33	Hon. Masaba Karim	Mbale, Industrial Division	
34	Hon. Kinshaba Patience Nkunda	DWR - Kanungu	