

**PARLIAMENT OF UGANDA**

**MINORITY REPORT ON STAMP DUTY (AMENDMENT) BILL, 2024**

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**APRIL, 2024**

## **1. INTRODUCTION**

The Stamp Duty (Amendment) Bill, 2024 was read for the first time on March 28<sup>th</sup> 2024 and referred to the parliamentary committee on Finance for scrutiny. The main issue in this Bill is tax exemption. The beneficiaries of this exemption include manufacturer of electric vehicle, electric vehicle battery or electric vehicle charging equipment or fabricator or the frame and body of an electric vehicle. National referral hospitals have been benefiting from stamp duty tax exemption but in this bill, they are being deleted.

## **2. POINT OF DISSENT**

We disagree with the majority in the following areas

- i. Non-Compliance with the law**
- ii. No comprehensive tax policy, research or study**
- iii. Tax exemptions**

## **3. NON-COMPLIANCE WITH THE LAW.**

The Public Finance Management Act makes it a requirement that every Bill presented to Parliament, shall be accompanied by a Certificate of Financial Implication.

This Certificate under Section 76 of the Act, "shall indicate the estimates of revenue and expenditure over a period of not less than two years after the coming into effect of the Bill when passed."

The Certificate "shall indicate the impact of the Bill on the economy." This in simple terms means, total amount to be



spent on implementation of the law and expected revenue. In this case, the amount foregone and intended benefits

The Certificate of Financial Implications, Finance Minister Matia Kasaija issued dated March 27<sup>th</sup> 2023 a day, before the Bill was presented for first reading, doesn't meet these requirements.

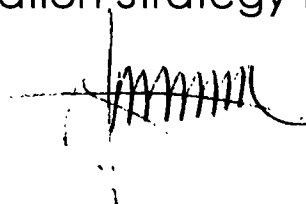
It reads, **"Since this is an amendment to existing tax provisions, there is no expenditure plan, specifically different from the overall allocation of Shs 619.99 Billion for the FY 2024/25 and Shs 534.1 billion for the FY 2025/26 to Uganda Revenue Authority."**

All the five certificate of Financial Implications the Minister issued for the five bills bear this same statement.

When it came to amendment the Minister Kasaija, stated "Revenue is expected from improved compliance, but cannot be quantified at present."

We thank the Minister for his honesty and kindly advising him to withdraw the bill. Minister please quantify the benefits as ordered by the law and return to Parliament when ready. The Domestic Revenue Mobilization Strategy Annual Monitoring Plan for Financial Year 2022/23 observed that; Majority of the tax law amendments are not informed by tax related analytical briefs. This is what this Kasaija certificate confirms.

Yet the same Minister in his letter introducing the Domestic Revenue Mobilisation Strategy for Uganda 2019/20-2023/24

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committed to end arbitrariness. He said thus, *“In order to achieve our revenue potential, we will move away from adhoc. Annual tax policy changes. These piecemeal adjustments, with little alignments, to an over-arching strategy, have created a high degree of unpredictability and uncertainty in our tax policy direction. The DRMS will address this, as well as ensure that our future tax policy embodies the principles of simplicity, fairness, citizen welfare, and sustainability. “*

This is the committeemen the minister made to the country in writing. This Parliament must hold him to his commitment.

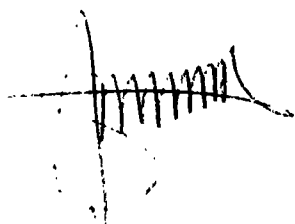
The Certificate doesn't show the overall impact of the new tax proposals on the economy.

Moreover Parliament recommended that in addition every Bill should be accompanied by stand-alone evaluation or regulatory impact assessment

#### **4. THERE IS NO COMPREHENSIVE TAXATION POLICY IN UGANDA.**

Rt.Hon. Speaker and Members, on May 5th, 2022, concerns were raised by Hon. Gyaviira Ssemwanga, MP Buyamba, regarding the absence of a comprehensive taxation policy in Uganda.

This concern stemmed from the realization that the domestic revenue mobilization strategy formulated by the Ministry of Finance in 2020 lacked a well-documented taxation policy.



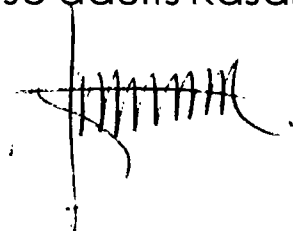
Consequently, Parliament on the same day, 5<sup>th</sup> May 2022, passed a motion urging the Government to develop a Comprehensive Policy on Taxation.

Unfortunately, Rt.Hon. Speaker, up to now, this government every financial year introduces tax bills without a taxation policy in place. This approach, Hon. Speaker grants the government unchecked discretion in determining which taxes to impose, which amounts, timing, and the targets. Often, this leads to unfair taxation that disproportionately burden the impoverished citizenry.

During debate, Hon Kateshumbwa Dickson, former commissioner for domestic taxes stated thus, "we need to base our tax decisions on a structured policy rather than relying on ad-hoc negotiations. This approach will enable us to uphold the principles we aim for and foster investment within our country."

Hon. Asuman Basalirwa President JEEMA and MP Bugiri Municipality, echoed similar sentiments, emphasizing that effective legislation on taxation is typically preceded by a well-established policy framework. He highlighted the existence of numerous taxation laws that lack proper policy guidance.

Rt.Hon. Speaker, in the absence of such a comprehensive taxation policy, the hands of this Parliament are tied. Solution is to ask government to withdraw their bills and return when they are ready. I don't know how long you will want to babysit these adults Kasaija, Musasizi and company.

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## 5. TAX EXEMPTION

The only study this Parliament can rely on to exempt taxes again, is the report of the Auditor General for the Financial Year closing June 2023.

The Auditor General reports on page 178 of his report as follows;

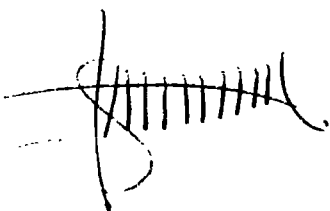
Although the tax incentives and exemptions are expected to free up the capital, so as to enable those companies employ more staff, a total of 22 companies out of the 36 that obtained the incentives, were performing below the 50% threshold and thus had not fully achieved the desired employment levels.

I noted that over the period under review, taxes waived by government amounted to UGX. 1.417 trillion. These comprised of UGX. 1.293 trillion waived under the Gazette by Parliament, direct waivers by the Minister of Ugx. 118.5 bn as well as the tax exemptions as per the Income Tax Act under section 21 granted by the Commissioner General of Ugx. 5.576 bn.

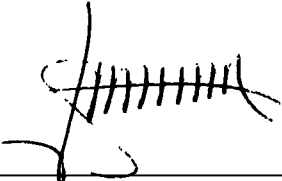
The Auditor General is advising us to stop tax exemptions because they are not serving the purpose. You may not listen to the opposition but at least listen the Auditor General.

We ask you to reject this whole Bill.

WE SUMIT

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**MEMBERS OF THE FINANCE COMMITTEE WHO SIGNED THE  
MINORITY REPORT ON THE THE STAMP DUTY (AMENDMENT)  
BILL, 2024.**

SN	Name	Signature
1.	S. Venkatesh Babu	

## Letter from the Minister of Finance, Planning and Economic Development

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I am glad to present to you this document on the Domestic Revenue Mobilisation Strategy (DRMS) as a summary of our discussions and statements of the intentions of various players. This document recognises the importance of having a medium-term strategy for government revenues, to guarantee a reasonable, realistic, and practical approach to sustainable resource mobilisation. The strategy set out in this document represents the next step in our government's fiscal policy, which has historically been highly successful in empowering the economic development of Uganda.

For this development to continue, there is a need to have a stronger and more certain revenue flow in order for the government to meet its expenditure needs and encourage foreign investment. This calls for a commitment to a prudent and sound medium-term strategy for financing our plans, to give confidence and certainty to our people and our investors. This Domestic Revenue Mobilisation Strategy brings transparency to the direction of tax policy in Uganda for the next five years and will strengthen the administrative effort to support it.

In order to achieve our revenue potential, we will move away from *ad hoc*, annual tax policy changes. These piecemeal adjustments, with little alignment to an over-arching strategy, have created a high degree of unpredictability and uncertainty in our tax policy direction. The DRMS will address this, as well as ensure that our future tax policy embodies the principles of simplicity, fairness, citizen welfare, and sustainability. Going forward, we will involve taxpayers more fully in the tax policy formulation process, restoring ownership and public confidence in the tax system by the way people pay their taxes. We will continue to provide a business-friendly tax environment and support investment; however, we will reduce unproductive revenue leakages from exemptions and publish a full tax expenditure framework to better understand the fiscal cost of supporting investment and social welfare.

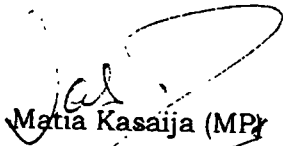
Revenue generation does not happen in a policy vacuum. The tax administration has a key role to play, and it is here that we anticipate the most significant gains to be made. We will enhance the Uganda Revenue Authority's administrative capacity to collect taxes efficiently through additional staff recruitment, better training, and the modernisation of their technological infrastructure and systems. We will focus more explicitly on promoting compliance with existing laws from a higher proportion of businesses and individuals, particularly through more focussed taxpayer services and education.

Finally, it is important to recognise the role played by all arms of Government and Ugandan society in securing our financial independence. Future resource mobilisation efforts depend on Ugandans perceiving a closer link between taxes paid and public services enjoyed by citizens. As Government, we have a responsibility to strengthen this



fiscal-social contract and redouble our efforts to stamp out corruption at every level. In return, we are expecting everyone with the means to pay their taxes.

We have set ourselves on the path towards creating a uniquely Ugandan tax system, one that respects our culture, our traditions, our ways of living, and our entrepreneurial spirit. This is an original document of our country's revenue strategy that will meet our financing needs for the future. We therefore urge everyone to play their part in ensuring the success of the Domestic Revenue Mobilisation Strategy.



Matia Kasaija (MP)

Minister of Finance, Planning, and Economic Development

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This subject please quote No.

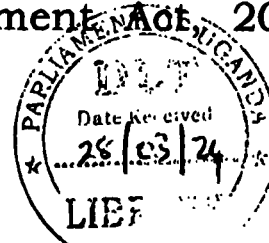


Ministry of Finance, Planning &  
Economic Development,  
P.O Box 8147  
Kampala, Uganda

## **CERTIFICATE OF FINANCIAL IMPLICATION FOR THE STAMP DUTY (AMENDMENT) BILL 2024**

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

**THIS IS TO CERTIFY** that the Bill entitled, the Stamp Duty (Amendment) Bill 2024, has been examined as required under Section 76 of the Public Finance Management Act, 2015 (as amended). I wish to report as follows: -



### **1) Object of the Bill:**

The main object of the Bill is to increase resources available to Government, attract investments and improve compliance.

### **2) Specific objectives of the Bill are:**

- i. To prescribe the stamp duty rate for the nominal share capital or any increase of shares, acquired by an investor in a private equity or venture capital fund, for the transfer of shares or other securities, to or by an investor in a private equity or venture capital fund,
- ii. To provide for nil stamp duty on an instrument executed by or on behalf of a company manufacturing or fabricating electric vehicles, electric motorcycles or electric charging equipment and for related matters.

### **3) That it is expected to achieve the following outputs:**

- i. To provide clarity in the law; and
- ii. To improve compliance and ease tax administration

#### **Mission**

*"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"*

**4) 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.619.99 Billion for FY2024/25 and Shs. 534.1 billion for FY 2025/26 to Uganda Revenue Authority.

**5) That the funding and budgetary implications are the following:**

Funding is going to be through overall Government budgetary allocations to Uganda Revenue Authority.

**6) Expected savings and/or revenue to Government:**

Revenue is expected from improved compliance, but cannot be quantified at present.



Matia Kasaija (MP)


**MINISTER OF FINANCE PLANNING AND ECONOMIC DEVELOPMENT**

March 2024.

**Witnessed by:**

**Name:** Ramathan Ggoobi

**Title:** Permanent Secretary/Secretary to the Treasury

**Signature:**   
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**Date:** 27/03/2024  
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**Received**

**By:** .....

**Date:** .....