

REPUBLIC OF UGANDA



PARLIAMENT OF UGANDA

**MINORITY REPORT ON THE TAX PROCEDURE CODE (AMENDMENT)
BILL 2024**

Office of the Clerk to Parliament
Parliament Building
Kampala-Uganda

April 2024

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Minority Report on the Tax Procedure Code (Amendment) Bill, 2024

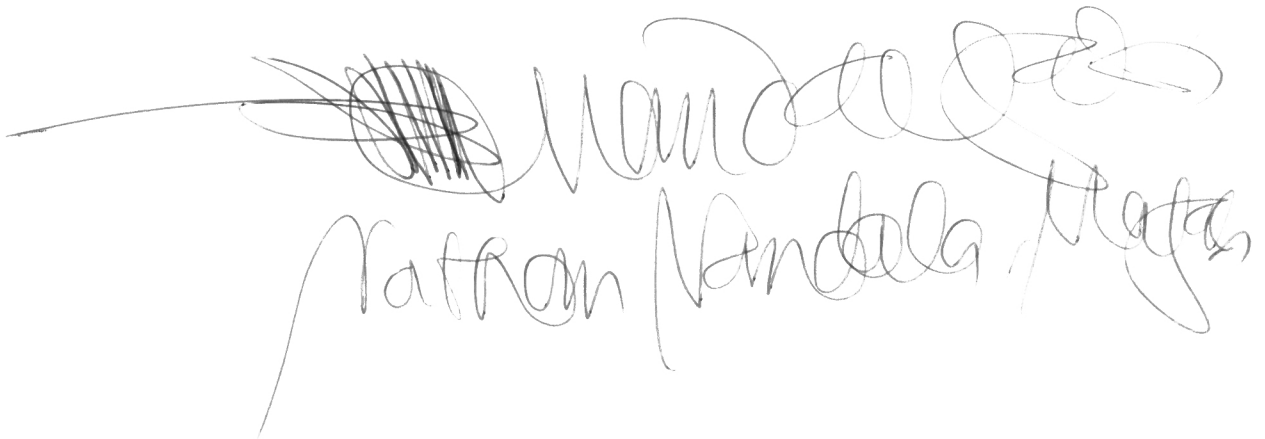
1.0 Waiver of interest on payment of principal tax

We noted that there have been challenges with the implementation of Section 40D of the principal Act which provides for waiver of principal and penalty. In practice, URA's e-system currently applies Section 40D together with Section 38 which essentially compounds the outstanding principal as inclusive of any interest and penalty outstanding. They therefore noted that the proposed amendment should be introduced along with clear and practical implementation guidelines indicating that the payments should be applied first to principal tax until it is exhausted then the balance can be applied to interest and penalty then the balance can be applied to interest and penalty.

This will avoid penalizing compliant tax payers at the time of waiving the interest and penalty.

Recommendation

We recommend that Section 40D of the Act is amended with a clear provision that for avoidance of any doubt, any payment in tax should be applied to the outstanding principal first until it is extinguished before interest and waiver are paid.



Nathron Mandela Ngata