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IN ANY CORRESPONDENCE ON
THIS SUBJECT PLEASE QUOTE NO. **PO/31**



State House,
P. O. Box 25497,
Kampala,
Uganda.

24th April 2016

Rt. Hon Rebecca Kadaga
Speaker
Parliament of Uganda
KAMPALA

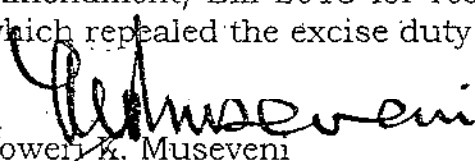
RETURN OF THE EXCISE DUTY (AMENDMENT) BILL 2016 FOR RECONSIDERATION

I am returning the Excise Duty (Amendment) Bill 2016 for Parliament to reconsider Clause 3, paragraph (1) which repealed item 13(b) of the Excise Duty Act. I am requesting that the provision be re-instated in the Act.

The repeal of the excise duty on international incoming calls was proposed because of the sharp decline in revenue since the tax was introduced in FY 2013/14. The revenue yielded was Shs. 68.2bn/- for FY 2013/14 but when we joined the one area network in January 2015, incoming calls reduced and revenue projected for FY 2015/16 is Shs. 45.9bn/-. This was attributed to incoming international calls terminating in Kenya and South Sudan and re-routed to Uganda as domestic calls, thereby denying the Government of Uganda excise duty and the telecommunication companies in Uganda revenues from incoming calls termination fees.

However, I have been informed that it is not calls being terminated in Kenya and South Sudan that are a problem but rather presence of illegal simboxes, both within Uganda and at the borders. I have further been informed that this vice can be fought as Rwanda and Tanzania have done. Therefore, the removal of excise duty will not lead to an increase of incoming international calls but will benefit the illegal simbox owners and lead to loss of government revenue.

It is for the above reason that I exercise my powers under Article 91 clause (3)(b) of the Constitution to return the Excise Duty (Amendment) Bill 2016 for reconsideration of Clause 3, paragraph (1) which repealed the excise duty on incoming international calls.


Yoweri K. Museveni
P R E S I D E N T

Copy to: Minister of Finance, Planning and Economic Development