
BILLS

SUPPLEMENT No. 2

24th March, 2021

BILLS SUPPLEMENT

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Bill No. 11

Value Added Tax (Amendment) Bill

2021

THE VALUE ADDED TAX (AMENDMENT) BILL, 2021

MEMORANDUM

The object of this Bill is to amend the Value Added Tax Act, Cap. 349 to provide for the timelines within which to apply for input tax credit; to provide for the refund of tax for use of electronic receipts or invoice; to impose strict liability for violations under penal tax; to provide tax incentives to investors by exempting certain supplies from value added tax.

MATIA KASAIJA (MP)

Minister of Finance, Planning & Economic Development.

THE VALUE ADDED TAX (AMENDMENT) BILL, 2021

ARRANGEMENT OF CLAUSES

Clause

1. Commencement
2. Amendment of Value Added Tax Act
3. Amendment of principal Act
4. Repeal of section 20A in principal Act
5. Amendment of section 28 of principal Act
6. Amendment of section 31A of principal Act
7. Insertion of section 45A in principal Act
8. Amendment of section 65 of principal Act
9. Amendment of First Schedule to principal Act
10. Amendment of Second Schedule to principal Act
11. Amendment of Third Schedule to principal Act

A Bill for an Act

ENTITLED

THE VALUE ADDED TAX (AMENDMENT) ACT, 2021

An Act to amend the Value Added Tax Act, Cap. 349 to provide for the timelines within which to apply for input tax credit; to provide for the refund of tax for use of electronic receipts or invoice; to impose strict liability for violations under penal tax; to provide tax incentives to investors by exempting certain supplies from value added tax.

BE IT ENACTED by Parliament as follows:

1. Commencement

This Act shall come into force on 1st July, 2021, except section 10 (b) of this Act which shall be deemed to have come into force on 1st July, 2020.

2. Amendment of Value Added Tax Act

The Value Added Tax Act Cap. 349, in this Act referred to as the principal Act is amended in section 1 by repealing the definition of the term “biodegradable packaging material”;

3. Amendment of principal Act

The principal Act is amended—

- (a) by numbering section 20 as subsection (1);
- (b) inserting immediately after subsection (1) the following—

“(2) Import of a service is an exempt import if the service would be exempt had it been supplied in Uganda.”

4. Repeal of section 20A in principal Act

The principal Act is amended by repealing section 20A.

5. Amendment of section 28 of principal Act

Section 28 of the principal Act is amended by inserting immediately after subsection (14) the following—

“(14a) A taxable person under this section shall apply for input tax credit within six months from the date of the invoice.”

6. Amendment of section 31A of principal Act

Section 31A of the principal Act is amended by inserting immediately after subsection (1) the following—

“(1a) Notwithstanding subsection (1), a taxable person who supplies services in Uganda under section 16(2), shall lodge a tax return with the Commissioner General within fifteen days after the end of three consecutive calendar months.”

7. Insertion of section 45A in principal Act

The principal Act is amended by inserting immediately after section 45 the following—

“45A Refund of tax for use of electronic receipt or invoice

A person other than a taxable person who purchases goods or services from a taxable person and is issued with an electronic

receipt or invoice or several electronic receipts or invoices worth ten million shillings within a period of thirty consecutive days, shall be entitled to a refund of five percent of the tax paid.”

8. Amendment of section 65 of principal Act

Section 65 of the principal Act is amended in subsection (6) by repealing the words “knowingly or recklessly”.

9. Amendment of First Schedule to principal Act

The First Schedule to the principal Act is amended by inserting the following in their appropriate alphabetical position—

- (a) “African Export – Import Bank”; and
- (b) “International Union for Conservation of Nature”.

10. Amendment of Second Schedule to principal Act

The Second Schedule to the principal Act is amended in paragraph 1—

- (a) by repealing subparagraphs (vv) and (xx);
- (b) by inserting immediately after subparagraph (hhha), the following—

“(hhhb) the supply of liquefied gas”;
- (c) by inserting immediately after subparagraph (lll) the following—

“(mmm) the supply of services to a manufacturer, other than a manufacturer referred to in subparagraph (pp) whose investment capital is at least fifty million United States Dollars, to conduct a feasibility study or to undertake design and construction, or in the case of

any other manufacturer, from the date on which the manufacturer makes an additional investment equivalent to fifty million United States Dollars—

- (i) who has the capacity to use at least seventy percent of the raw materials that are locally sourced, subject to their availability; and
- (ii) who has the capacity to employ at least seventy percent of the employees that are citizens earning an aggregate wage of at least seventy percent of the total wage bill.”

11. Amendment of Third Schedule to principal Act

The Third Schedule to the principal Act is amended in paragraph 1 by substituting for subparagraph (k) the following—

- “(k) the supply of leased aircraft, aircraft engines, spare parts for aircraft, aircraft maintenance equipment and repair services”.