

BILLS SUPPLEMENT

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Bill No. 15 Value Added Tax (Amendment) Bill 2007
THE VALUE ADDED TAX (AMENDMENT) BILL 2007.

MEMORANDUM

The object of this Bill is to amend the Value Added Tax, Cap. 349—

- (a) to expand the definition of application for own use to include services;
- (b) to provide that a person who is required to be registered or to pay tax under the Act is a taxable person from the beginning of the taxable period for which the duty to register or pay tax arose;
- (c) to repeal the requirement for professionals to register under the Act; to provide the value of a taxable supply of goods or services where government provides a subsidy;
- (d) to provide a penalty where a taxpayer claims a refund in excess of what is due or claims returns, submits or declares a wrong, false or incorrect offset claim in a return;
- (e) to add the supply of veterinary services and mosquito nets to the list of exempt supplies and to make other miscellaneous amendments to the Act; and
- (f) for other related matters.

DR. E. SURUMA,
Minister of Finance, Planning and Economic Development.

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THE VALUE ADDED TAX (AMENDMENT) BILL, 2007.

ARRANGEMENT OF CLAUSES

Clause.

1. Commencement.
2. Amendment of section 1 of Cap 349.
3. Amendment of section 6 of principal Act.
4. Amendment of section 7 of principal Act.
5. Amendment of section 21 of principal Act.
6. Amendment of section 65 of principal Act.
7. Amendment of Second Schedule to principal Act.

A BILL for an Act

ENTITLED

THE VALUE ADDED TAX (AMENDMENT) ACT, 2007.

An Act to amend the Value Added Tax Act to expand the definition of application for own use to include services; to provide that a person who is required to be registered or to pay tax under the Act is a taxable person from the beginning of the tax period for which the duty to register or pay tax arose; to repeal the requirement for professionals to register under the Act; to provide the value of a taxable supply of goods or services where government provides a subsidy; to provide a penalty where a taxpayer claims a refund in excess of what is due or claims returns, submits or declares a wrong, false or incorrect offset claim in a return; to add the supply of veterinary services and mosquito nets to the list of exempt supplies and to make other miscellaneous amendments to the Act; and for other related matters.

BE IT ENACTED by Parliament as follows:

1. Commencement.

This Act shall come into force on 1st July 2007.

2. Amendment of section 1 of Cap 349.

(1) Section 1 of the Value Added Tax Act, in this Act referred to as the principal Act is amended by substituting for paragraph (a) the following—

“(a) “application to own use”, in relation to goods or services, means applying the goods or services to personal use including personal use by a relative or any other non-business use;”

3. Amendment of section 6 of principal Act.

Section 6 of the principal Act is amended by substituting for subsection (2) the following—

“(2) A person who is not registered but who is required to be registered or to pay tax under this Act, is a taxable person from the beginning of the tax period immediately following the period in which the duty to apply for registration or to pay tax arose.”

4. Amendment of section 7 of principal Act.

Section 7 of the principal Act is amended by repealing subsection (6).

5. Amendment of section 21 of principal Act.

Section 21 of the principal Act is amended by inserting immediately after subsection (4) the following—

“(5) The taxable value of a taxable supply of goods or services where the Government has provided a subsidy is the consideration paid in money or in kind by all persons for that supply less the subsidy”.

6. Amendment of section 65 of principal Act.

Section 65 of the principal Act is amended by inserting at the end the following—

“(8) A person who during a tax period, claims a refund of tax in excess of what is due is liable to a penal tax equal to 100 per cent of the excess claimed.

(9) Where a person claims, returns, submits, or declares a wrong, false or incorrect offset claim in a return for a tax period, that person is liable to a penal tax of 100 per cent of the difference between what was claimed, returned, submitted or declared and the correct offset amount”.

7. Amendment of Second Schedule to the principal Act.

(1) Paragraph 1 of the Second Schedule to the principal Act is amended—

(a) by substituting for items (h), (u), (z) and (aa) the following—

“(h) the supply of veterinary, medical, dental, and nursing services;

(u) the supply of accommodation in tourist lodges and hotels outside Kampala District;

(z) the supply of mosquito nets, insecticides and acaricides;

(aa) the supply of specialized vehicles, plant and machinery, feasibility studies, engineering designs and consultancy services and civil works related to hydro-electric power, roads and bridges’ construction and water works.

(b) by inserting immediately after item (cc) the following items—

“(dd) the supply of any goods and services to the contractor of the Bujagaali hydro-electric power project; and

(ee) the supply of diapers”.

(2) The Second Schedule to the principal Act is amended by substituting for paragraph 3 the following—

“3. For the purposes of paragraph 1(a) of this Schedule, the term “unprocessed” includes low value added activity such as sorting, drying, salting, filleting, deboning, freezing, chilling, or bulk packaging, where, except in the case of packaging, the value added does not exceed 5% of the total value of the supply”.