

**BILLS SUPPLEMENT**

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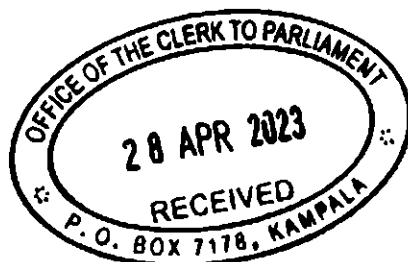
**Bill No. 10**      *Value Added Tax (Amendment) Bill*      **2023**

**THE VALUE ADDED TAX (AMENDMENT) BILL, 2023**

**MEMORANDUM**

The object of this Bill is to amend the Value Added Tax Act, Cap. 349 to expand the definition of electronic services; to provide for a limit on input tax to activities related to output tax being accounted for and disallow input tax credit to a registered foreign supplier; to provide for the declaration of value added tax on imported services by large un-registered persons and un registered government entities; to provide for ZEP-RE (PTA Reinsurance Company) as a listed institution; and for related matters.

**MATIA KASAIJA (MP),**  
*Minister of Finance, Planning and Economic Development.*



**THE VALUE ADDED TAX (AMENDMENT) BILL, 2023****ARRANGEMENT OF CLAUSES***Clause*

1. Commencement
2. Amendment of Value Added Tax Act
3. Amendment of section 16 of principal Act
4. Amendment of section 28 of principal Act
5. Amendment of section 31A of principal Act
6. Amendment of section 42 of principal Act
7. Amendment of section 65A of principal Act
8. Amendment of section 73 of principal Act
9. Amendment of First Schedule to principal Act
10. Amendment of Second Schedule to principal Act

A Bill for an Act

ENTITLED

**THE VALUE ADDED TAX (AMENDMENT) ACT, 2023**

**An Act to amend the Value Added Tax Act, Cap. 349 to expand the definition of electronic services; to provide for the limit on input tax to activities related to output tax being accounted for and disallow input tax credit to registered foreign supplier; to provide for declaration of value added tax on imported services by large un-registered persons and un registered government entities; to provide for ZEP-RE (PTA Reinsurance Company) as a listed institution; and for related matters.**

BE IT ENACTED by Parliament as follows:

**1. Commencement**

This Act shall come into force on 1<sup>st</sup> July, 2023.

**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 10 by inserting immediately after subsection (3) the following—

“(4) The supply of goods by auction is suited as supply of goods made by the auctioneer as the supplier in the course of auctioning goods.” and

- (5) For avoidance of doubt, the treatment of the supply of goods by the auctioneer under subsection (3) is separate from the treatment of the supply of the auction services by the auctioneer.”

**3. Amendment of section 16 of principal Act**

Section 16 of the principal Act is amended—

- (a) by substituting for subsection (2) the following—

“(2) Notwithstanding subsection (1), a supply of services by a person who carries on business outside Uganda and who does not have a place of business in Uganda shall take place in Uganda if the recipient of the supply is not a taxable person or a person who makes a supply with a total annual value in excess of the amount specified in section 7(2) or a government entity that is not registered under section 7 (5) of this Act, and—

- (a) the services are physically performed in Uganda by a person who is in Uganda at the time of the supply;
- (b) the services are in connection with immovable property in Uganda;
- (c) the services are radio or television broadcasting services received at an address in Uganda;
- (d) the services are electronic services delivered to a person in Uganda at the time of the supply;
- (e) the supply is a transfer, assignment or grant of a right to use a copyright, patent, trademark or similar right in Uganda; or

- (f) the services are the supply of telecommunications services initiated by a person in Uganda, other than a supply initiated by—
  - (i) a supplier of telecommunications services; or
  - (ii) a person who is roaming while temporarily in Uganda.”;
- (b) by inserting immediately after subsection (4) the following—
  - “(4a) Electronic services shall be delivered to a person in Uganda at the time of supply as referred to in subsection (2) (d). ; and
  - (4b) The Minister may by statutory instrument prescribe the rules of determining that the electronic services are delivered to a person in Uganda.”; and
- (c) in subsection (5) by substituting for paragraph (a) the following—
  - “(a) electronic services” means services supplied through an online or digital network by a supplier from a place of business outside Uganda to a recipient in Uganda including—
    - (i) websites, web-hosting or remote maintenance of programs and equipment;
    - (ii) software and the updating of software;
    - (iii) images, text and information;
    - (iv) access to databases;
    - (v) self-education packages;
    - (vi) music, films and games; including games of chance;

- (vii) political, cultural, artistic, sporting, scientific and other broadcasts and events; including television;
- (viii) advertising platforms;
- (ix) streaming platforms and subscription based services;
- (x) cab-hailing services;
- (xi) cloud storage;
- (xii) data ware housing; and
- (xiii) any other service as the Minister may by statutory instrument determine.”

**4. Amendment of section 28 of principal Act**

Section 28 of principal Act is amended—

- (a) in subsection (5), by inserting immediately after paragraph (c) the following—
  - “(d) payment for entertainment made by a taxable person for membership of a person in a club, association or society of a sporting, social or recreational nature; or
  - (e) goods or services incurred by a taxable person provided for under section 16 (2) of this Act.” and
- (b) by inserting immediately after subsection (6) the following—
  - “(6a) For the purposes of subsection (1), (2), or (3) “business use” or “use in the business” applies only to the related business, generating a taxable supply.”

**5. Amendment of section 31A of principal Act**

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

“(1b) Notwithstanding subsection (1), a person who makes a supply of a total annual value in excess of the amount specified in section 7(2) and who imports a service, shall lodge a tax return with the Commissioner General within fifteen days after the end of the tax period in which the service was imported.”

**6. Amendment of section 42 of principal Act**

Section 42 of principal Act is amended in subsection (2) (b) by deleting the words “, with consent of the taxable person”.

**7. Amendment of section 65A of principal Act**

Section 65A of principal Act is amended by repealing subsection (2).

**8. Amendment of section 73 of principal Act**

Section 73 of principal Act is amended by inserting immediately after subsection (2) the following—

“(3) Notwithstanding subsection (1), a taxpayer under section 16 (2) of this Act may file a return and may pay the tax in the return in United States dollars.”

**9. Amendment of First Schedule to principal Act**

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

“ZEP-RE (PTA Reinsurance Company)”

**10. Amendment of Second Schedule to principal Act**

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

- (a) in subparagraph (p), by substituting for item (viii) the following—  
“(viii) adult diapers;”;
- (b) by substituting for subparagraph (qa) the following—  
“(qa) the supply of animal feeds, premixes, concentrates and seed cake;
- (c) by substituting for subparagraphs (ww) the following—  
“(ww) the supply of belleps for further value addition in Uganda;
- (d) by repealing subparagraphs (yy) and (fff); and
- (e) in subparagraph (ooo), by deleting the words “from cassava”;