



Uganda Revenue Authority
DEVELOPING UGANDA TOGETHER



TAXATION HANDBOOK

A GUIDE TO TAXATION IN UGANDA

SEVENTH EDITION | 2024/25

TAXATION HANDBOOK

A Guide to Taxation in Uganda
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This Information is strictly for purposes of guidance to our clientele and should not at any one time be used in place of the substantive law; and is subject to change on amendment of tax legislation and any other regulations governing tax administration.

TABLE OF CONTENTS

PART A	13
1.0 Background to Taxation	14
1.1 Introduction to Taxation	14
1.2 Origin of Taxation	14
2.0 History of Taxation in East Africa	14
3.0 The Legality of Taxes collected by the Central Government	15
4.0 Principles of Taxation	16
4.1 Equity/Fairness	16
4.2 Convenience	16
4.3 Certainty	16
4.4 Economical	16
4.5 Simplicity	17
4.6 Ability to Pay	17
5.0 Characteristics of a good Tax System	17
5.1 Progressive Tax	17
5.2 Regressive Tax	17
5.3 Proportional Tax	17
6.0 Classification of Taxes	17
7.0 Role of Taxation	18
8.0 About Uganda Revenue Authority	18
8.1 Vision	18
8.2 Mission	18
8.3 Core Values	18
8.4 Client Value Proposition	18
8.5 Tagline	18
8.6 How URA is organized to serve its clients	18
8.7 Departments in URA	19
8.7.1 Commissioner General's Office	19
8.7.2 Corporate Services Department	19
8.7.3 Customs Department	19
8.7.4 Domestic Taxes Department	19
8.7.5 Internal Audit Department	19
8.7.6 Tax Investigations Department	19
8.7.7 Information Technology and Innovation	19
8.7.8 Legal and board Affairs Department	19
8.7.9 Strategy and Risk Management Department	19
8.7.10 Tax Academy Department	19
8.8 Specified Targets	19
8.9 Feedback management	20
8.10 Managing Complaints	20
8.11 Accountability	20
8.12 Dissemination of information	21
8.13 Monitoring and evaluating performance	21
8.14 Performance improvement	21
8.15 Taxpayers' Charter	23
8.15.1 Rights of the Taxpayer	23
8.15.2 Obligations of the Taxpayer	24
9.0 Brief on E-Tax	25

9.1 E – Registration	25
9.2 E – Filing	25
9.3 E – Payment	26
10.0 Definition of Key Terms	26
11.0 Scope of Tax Liability	27
12.0 Sources of income	27
12.1 Business Income	27
12.1.1 Trade	28
12.1.2 Adventure in the Nature of Trade	28
12.1.3 Profession	29
12.1.4 Capital Gains	29
12.2 Employment Income	30
12.2.1 Composition of Employment Income	31
12.2.2 Benefits in Kind	31
12.2.3 Valuation of Benefits in Kind	31
12.2.4 Employee's Relief	32
12.3 Property Income	32
12.4 Exempt Income	33
PART B	35
1.0 Tax Registration	36
1.1 Taxpayer Identification Number (TIN)	36
1.2 General Registration requirements	36
1.3 Business type identification criteria	37
1.4 Taxes imposed on registration	37
1.4.1 Income Tax	37
1.4.2 Value Added Tax (VAT)	37
1.4.3 Local Excise Duty (LED)	37
1.4.3.1 Digital Tax Stamps	38
1.4.4 Gaming Tax	38
1.4.5 Digital Service Tax	38
1.5 Benefits of acquiring a TIN	38
1.6 Tax Agents	39
1.7 Accounts and record keeping	39
1.8 Changes in registration details	39
1.9 Penalties and Offences under registration	40
2.0 Return filing	40
2.1 Furnishing of returns	40
2.2 Certification of tax returns	41
2.3 Advance returns	42
2.4 Extension of Return Filing date	42
2.5 Offences and penalties relating to tax returns	42
2.6 Return filing procedure	42
2.7 Amendment of tax returns	43
3.0 Assessments	43
3.1 Self-Assessment	43
3.2 Default Assessment	43
3.3 Additional Assessment	43
4.0 Objections and Appeals	44
4.1 Objections	44
4.2 Alternative Dispute Resolution	45
4.3 Appeals	45

4.3.1 Tax Appeals Tribunal (TAT)	45
4.3.2 High court	45
4.3.3 Court of Appeal	45
4.3.4 Supreme Court	45
4.3.5 Burden of proof	45
5.0 Payment and Recovery of Tax	45
5.1 Payment of Tax	45
5.1.1 Procedure for paying tax;	46
5.2 Recovery of tax	46
6.0 Determination of Tax liability	47
7.0 Persons assessable to tax	48
7.1 Taxation of Small Business Taxpayers (Presumptive Tax)	48
7.1.1 Who is a Small Business Taxpayer?	48
7.1.2 Determination of sales for a Small Business Taxpayer	48
7.1.3 Schedule for the computation of "presumptive" income tax for small businesses	49
7.1.4 Key features of the presumptive tax regime	49
7.1.5 Election (Option) not to be under Presumptive Tax	50
7.2 Individual Income Tax	50
7.3 Corporation Tax	51
7.3.1 Determination of the Tax liability for companies (Non- individuals)	51
7.4 Pay As You Earn (PAYE)	52
7.4.1 Rate of tax for resident individuals	52
7.4.2 Rate of tax for non-resident individuals	52
7.4.3 Employer's Obligation	53
7.4.4 Employee's Obligation	53
7.4.5 Employee's Rights	53
7.4.6 What happens if tax is not paid?	53
7.5 Withholding Tax (WHT) System	53
7.5.1 Accountability for Withholding tax	55
7.5.2 Failure to withhold and/or remit the Tax	55
7.6 Rental Tax	56
7.6.1 Computation of Rental Income Tax	56
7.6.2 Individual Rental Income Tax	56
7.6.3: Rental tax for partnerships	57
7.6.4 Rental Income Tax for companies and corporations	57
7.6.5 Taxpayer's obligation	58
7.7 Value Added Tax (VAT)	58
7.7.1 Definition of key terms	59
7.7.2 Scope of VAT	60
7.7.3 VAT Registration	60
7.7.4 Persons required/eligible to register for VAT	60
7.7.4.1 Compulsory Registration	60
7.7.4.2 Voluntary Registration	61
7.7.5 VAT Registration Processes	61
7.7.5.1 Application for Registration	61
7.7.6 Inspection / Notification	61
7.7.7 Effective date of registration	61
7.7.8 VAT Registration entitlements	62
7.7.9 Penalty for late registration	62
7.7.10 What are the obligations after VAT registration?	62
7.7.11 Deregistration	62
7.7.12 Place of Supply	63
7.7.13 Time of Supply	64

7.7.14 Mixed Supplies	64
7.7.15 Computation of VAT	64
7.7.16 Apportionment of Input Tax Credit	65
7.7.17 Standard Alternative Method (SAM)	65
7.7.18 Non-Allowable Input Tax Credit	65
7.7.19 Tax Invoice	66
8.0 Income Tax Clearance Certificate (TCC)	67
9.0 Tax stamps	67
10.0 Non-Tax Revenue (NTR)	68
10.1 Stamp Duty	68
10.2 Motor Vehicle Related fees	69
10.3 Driver's Permit fees	69
PART C	71
1.0 Introduction	72
2.0 Clearing Imports	72
3.0 Customs Clearing Agents	73
3.1 Definition	73
3.2 Dealing with clearing agents and not importers	73
3.3 Expectations of a clearing agent	74
3.4 Importance of a clearing agent	74
3.5 Finding a genuine clearing agent	75
3.6 Licensing customs clearing agents	75
3.7 Agent involvement in illicit activities	75
3.8 Obligations of the client to the agent	75
3.9 Requirements and conditions for Licensing of Customs Agents	75
3.10 Online appointment of agents	76
3.11 How a clearing firm registers to handle imports/exports	77
3.12 Appointment of the agent employee by the agency firm	79
3.13 Appointing a clearing firm by the trader	79
4.1 Selectivity of Declarations	81
4.2 Physical Examination	81
4.3 Document Check	81
4.4 Direct Release	82
5.0 Customs valuation of imported goods	82
5.1 Customs Valuation	82
5.2 Customs value	82
5.3 Ad valorem duties	83
5.4 Valuation of goods	83
5.5 Composition of Customs value	84
5.6 Pre-shipment inspection	84
5.7 Charges included in customs value	84
5.8 Packing costs	84
5.9 Currency for customs value	85
5.10 Calculation of import taxes	85
5.11 Transactions not considered a sale for export	86
5.12 Valuation of replacement goods	86
5.13 Treatment of rented or leased goods	86
5.14 Record keeping	86
5.15 Appeal against determination of the value by customs authorities	86
5.16 Withdrawal of goods from Customs control	86
5.17 Legislation governing valuation	86

5.18 Obligation to declare	87
6.0 Payment of Custom taxes	87
6.1 Payment in Installments	87
7.0 Objection and appeals	88
7.1 Appeals to the Commissioner	88
7.2 Steps taken	88
7.3 Appeals to the Tax Appeals Tribunal	89
8.0 Clearance of Passengers and Baggage	90
8.1 Clearance of Passengers	90
8.2 Passenger Baggage and Personal Effects	90
9.0 Post parcel and courier	91
9.1 Definition of a parcel	91
9.2 Clearance of Post parcels	91
9.3 Steps followed at Post Office	91
9.3.1 Post parcels exported for repair	92
9.3.2 Post parcels destined for the countryside	92
9.4 Steps followed at DHL	92
9.5 Prohibitions or restrictions on goods transmission by post	92
9.6 Valuation of post parcels	93
9.7 Treatment of gifts, donations or Personal effects	93
10.0 Warehousing of goods and motor vehicles on arrival	93
10.1 Goods declared for warehousing	94
11.0 Groupage Cargo Clearance Procedure	95
12.0 Auction at Customs Warehouse	97
13.0 Temporary Importation	98
13.1 Temporary imports	98
13.2 Procedure on Temporary Importation	98
13.3 Goods allowed for Temporary Importation	98
13.4 Goods not accepted for Temporary Importation	99
13.5 Refund of deposit/ bond discharge	99
13.6 Administrative guidelines on temporary importation of registered vehicles	99
13.7 Regulation 136 and 137 effective 1st July 2019	99
13.8 Re-Importation	99
14.0 Transit and Transshipment	100
14.1 Transit Management	100
14.2 Treatment of Goods in Transit	100
14.3 Licensing of vehicles for conveyance of goods in transit	101
14.4 Procedure for licensing vehicles	101
14.5 Requirements and Conditions for a Transit Goods License (TGL)	101
14.6 Transshipment	102
14.6.1 Meaning of Transshipment	102
14.6.2 Transshipment Process	102
14.6.3 Treatment of accident cases involving goods in Transit	103
15.0 Export Procedures	103
15.1 Export of Goods	103
15.2 Intra Region Cargo (Transfers): traded within EAC partner states	103
15.2.1 Stepwise instructions for the transfer of locally produced goods:	103
15.2.2 Stepwise instructions for the Transfer of goods that attract Export levy:	104
15.2.3 Transfer of duty paid goods:	105
15.2.4 Stepwise instructions for the transfer of duty paid goods:	105

15.2.5 Transfers of duty paid goods – small cargo by bus	106
15.3 Direct Exports	106
15.3.1 Step Wise Instructions for Managing Direct Exports:	106
15.3.1 Types of exports	107
15.3.2 Exporting goods outside Uganda	107
15.3.3 Entering Cargo for Export	108
15.4 Valuation and exports	108
15.4.1 Treatment of goods liable to export levy	108
15.5 Refunds on Exports	109
16.0 Prohibited and Restricted Goods	109
16.1 Prohibited goods	109
16.2 Prohibited exports	109
16.3 Restricted exports	109
16.4 Restricted goods	110
17.0 Clearance and Temporary Exports	110
18.0 Export under the Simplified Regime	111
18.1 The Simplified Export (SE1)	111
18.1.1 Brief on the SE1 regime	111
18.1.2 Process flow	111
18.2 Regime for Small Scale Traders (ES1)	111
19.0 Exemption Regimes	112
PART A: SPECIFIC EXEMPTIONS	112
PART B—GENERAL EXEMPTION	113
20.0 The Single Customs Territory (SCT)	114
20.1 Definition of Single Customs Territory	114
20.2 Features of SCT	114
20.3 Benefits from the SCT	114
20.4 Countries involved in the SCT	114
20.5 Requirements for stakeholder to transact under the SCT	114
20.5.1 Importers & Exporters	114
20.5.2 Customs/Clearing Agents	114
20.5.3 Transporters	114
20.7 Clearance of goods under the SCT	115
20.8 Treatment of locally produced goods treated under the SCT	115
20.9 Responsibility if the bonded cargo does not reach its intended destination	116
20.10 Responsibility for the security of goods along the corridors	116
20.11 How Other Government Agencies (OGAs) of the destination Partner state are involved in the clearing process	116
20.12 Cargo Manifest (C2)	116
20.13 Container Freight Stations	116
20.14 Clearance of containerized Motor vehicles handled under SCT	116
20.15 Clearance of re-exports to Partner States under SCT	116
20.16 Importation of Motor Vehicle Units alongside some goods	117
20.17 Clearance of exempted goods treated under SCT	117
20.18 Clearance procedures in case of eventualities such as accidents, thefts and fire	117
20.19 Stripping/ de stuffing of containers	117
20.20 Clearance of groupage or consolidated cargo handled under SCT	117
20.21 Handling a Bill of Lading with several units/containers destined to different bonds	117
20.22 Clearance of Motorcycles through a Ware housing Regime (WT8)	117
20.23 Retiring the RCTG bond	117
21.0 Automated System for Customs Data (ASYCUDA)	118
21.1 Accessing ASYCUDA World	118

21.2 Authorization	118
21.3 Registration to get user rights	118
21.4 Logging into ASYCUDA World involves the following	119
21.5 Declarations in ASYCUDA World	119
21.6 Tracking a customs declaration	120
22.0 Customs Trade Facilitation Initiatives	120
22.1 Security and Facilitation in a global Environment (SAFE)	120
22.2 AEO as a trade facilitation tool	120
22.2.1 Defining who an AEO is	121
22.2.2 Objectives of the Uganda AEO scheme	121
22.2.3 Eligibility criteria for becoming an AEO	121
22.2.4 Step by step process of attaining an AEO status	121
22.2.5 Immediate benefits of the AEO Program to Business	122
22.2.6 Long term benefits to the business;	122
22.2.7 The Regional AEO program (EAC Region)	122
22.2.8 Carrying out business outside Uganda as a Ugandan AEO	122
22.2.9 Trade facilitation benefits to the regional AEO operators	123
22.2.10 Treatment of AEOs under special circumstances	124
22.2.11 Verification of AEO consignments	124
22.2.12 AEO Agent clearing non AEO client	124
22.2.13 AEO client cleared by non AEO agent	124
22.2.14 Outstanding/ audit queries on AEO transactions	124
22.3 Regional Electronic Cargo Tracking System (RECTS)	124
22.3.1 How RECTS works	125
22.3.2 Benefits of RECTS	125
22.3.3 Obligations of each party in the RECTS functionality	126
22.4 Uganda Electronic Single Window (UESW)	127
22.4.1 Reasons for implementing the Electronic Single Window	127
22.4.2 Why Government of Uganda embarked on the National Electronic Single Window project ..	127
22.4.3 Expected benefits/outcomes	127
22.4.4 Impact of Single Window on agency business processes	127
22.4.5 Agencies involved:	128
22.4.6 Reasons for implementing the Electronic Single Window	129
22.4.7 Why Government of Uganda embarked on the National Electronic Single Window project ..	129
22.4.8 Expected benefits/outcomes	129
22.5 The Document Processing Centre (DPC)	130
22.5.1 Objectives	130
22.5.2 Benefits of DPC implementation.	130
PART D Special Features of the Taxes Administered by the URA	130
1.1 Payment of Tax	130
1.2 Regulations	130
1.3 Rulings	131
1.3.1 Practice Notes	131
1.3.2 Private Rulings	131
1.4 Remission of Tax	131
1.5 Double Taxation Treaties	131

Foreword

Fellow Citizens

We are glad to bring you the seventh edition of the URA Taxation Handbook, 'A Guide to Taxation in Uganda'.

From the various interactions we have had with you, the need for more engagements in taxpayer education to equip you with more knowledge about your rights and obligations is very clear. On our part, we are committed to not only listen to your concerns, but to respond to your needs in a dynamic and innovative way.

This handbook is one of the many ways we are equipping you with all information related to tax, presented in a simplified manner to enable you be complaint as you grow your businesses.

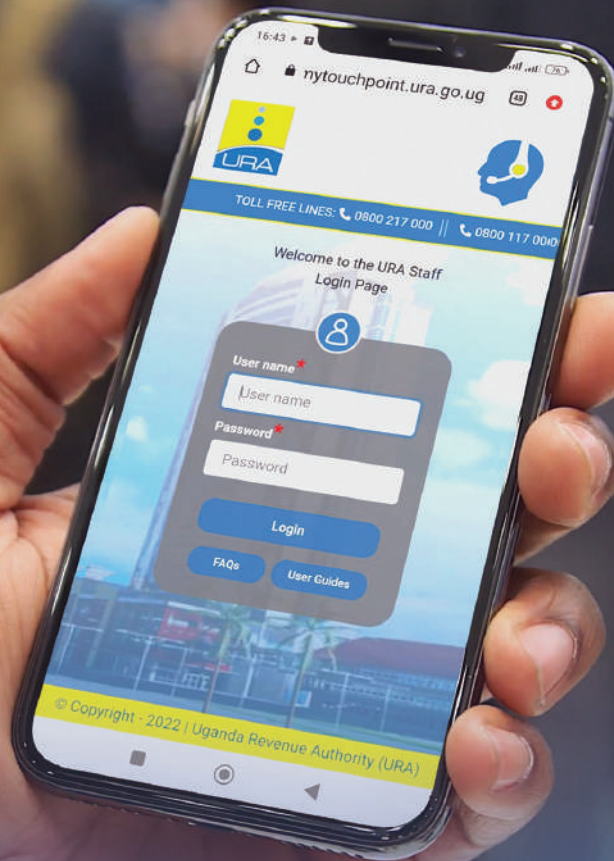
It is from a healthy business environment that we collect taxes for the development of our country – which is a win-win for all of us.

In here you will find the overall summary of the structure of Uganda's tax system, covering tax policy issues, international trade and customs and domestic taxes, recent tax amendments, examples from the small business taxpayers, employment, and multinational operations that answer all of the frequently asked tax challenges. The handbook also equips you with a step-by-step guide to taxpayer rights and obligations all aimed at aiding you to be tax alert and look at tax as part of a legitimate business expense and not as a burden.

I encourage you to embrace this bank of tax knowledge as we move together in developing Uganda into an economically independent nation. If you have any feedback on other ways we can support you, please do not hesitate to contact us. Contact details are at the back of the handbook.

John Rujoki Musinguzi
Commissioner General – Uganda Revenue Authority

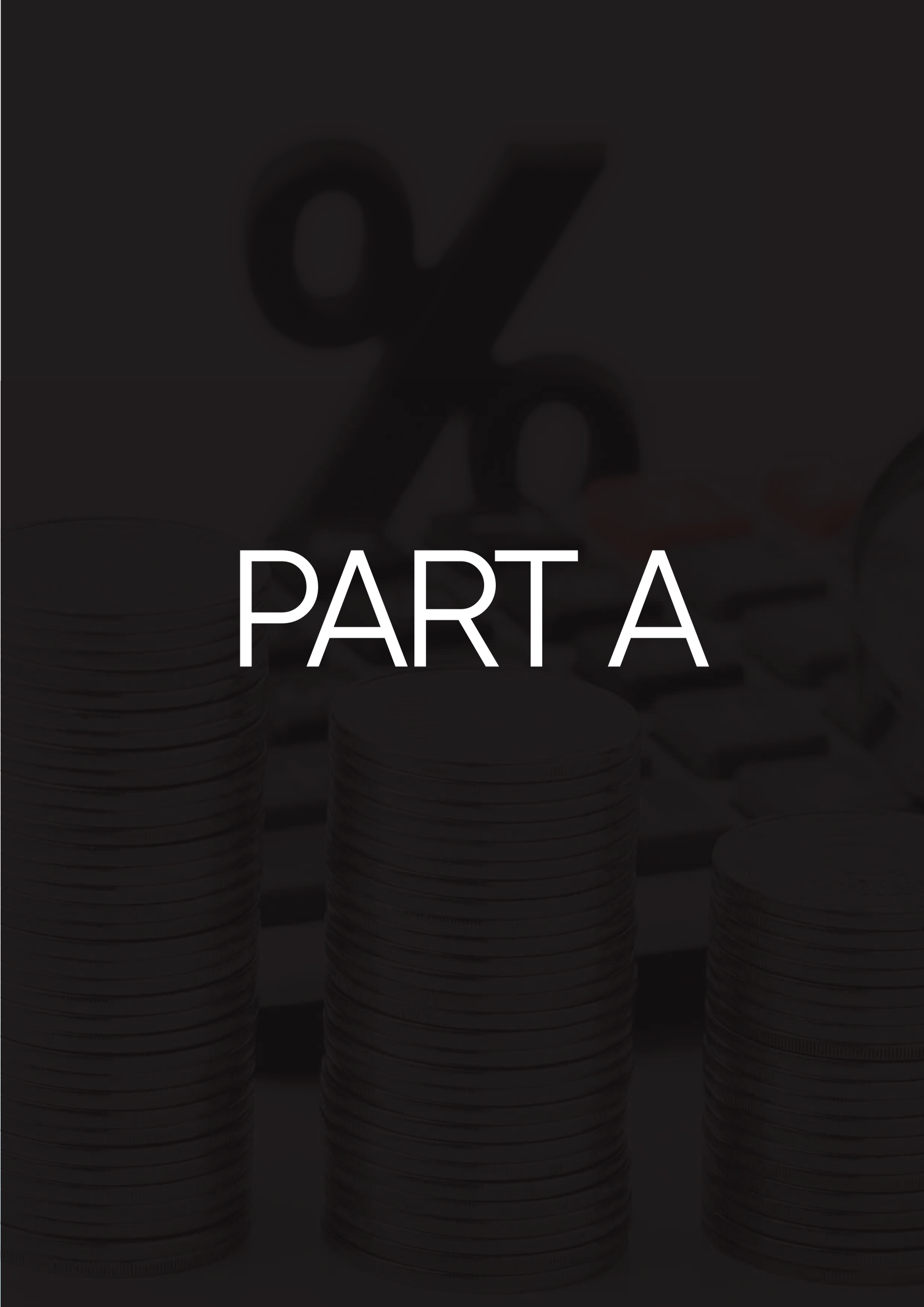




For all your URA issues
and inquires visit the
URA TouchPoint

<https://touchpoint.ura.go.ug/>

PART A

The background of the slide is a dark, monochromatic image. It features several tall, cylindrical stacks of coins in the foreground, slightly out of focus. In the background, a large, stylized percentage sign (%) is visible, also out of focus. The overall aesthetic is professional and financial.

1.0 BACKGROUND TO TAXATION

1.1 Introduction to Taxation

The evolution of taxation is attributed to the development of the modern state, which called for increased expenditure for infrastructure and public services.

1.2 Origin of Taxation

Tax is the price we pay for civilization, which goes hand in hand with an organized society. For a society to be organized, it needs a well-financed administrative structure. Therefore, taxation in its different forms has existed as long as society had the minimum elements of government.

Tax is a monetary charge imposed by the government on persons, entities, transactions or property to generate government revenue. Where payment is not monetary, a wider embracing definition has been adopted as:

“Enforced proportional contributions from persons and property levied by the State by virtue of its sovereignty for the support of government and for all public needs”

– Thomas. M. Cooley: The Law of Taxation

One of the main characteristics of a tax is that the payer does not demand something in return equivalent to the payment made to government. Taxes are collected and used by government for a public good and not just for those who make the payment.

2.0 HISTORY OF TAXATION IN EAST AFRICA

Taxation was introduced in East Africa by the early British colonial administrators through the system of compulsory public works such as road construction, building of administrative headquarters and schools, as well as forest clearance and other similar works.

The first formal tax, the hut tax, was introduced in 1900. This is when the first common tariff arrangements were established between Kenya and Uganda. Through this, Ugandans started paying customs duty as an indirect tax, which involved imposition of an ad valorem import duty at a rate of 5% on all goods entering East Africa, through the port of Mombasa and destined for Uganda.

A similar arrangement was subsequently made with German East Africa (Tanganyika) for goods destined for Uganda that entered East Africa through Dar es Salaam and Tanga ports. This gave rise to revenue which was remitted to Uganda.

The Protectorate government heavily relied on customs duties to fund its programs. Most indigenous Africans were not engaging in activities that would propel the growth of the monetary economy. Accordingly, government introduced a flat rate Poll tax that was imposed on all male adults. The requirement to pay tax forced the indigenous Ugandans to enter the market sector of the economy through either selling their agricultural produce or hiring out their services. The tax burden was later increased by the introduction of an additional tax to finance local governments. This culminated into the first tax legislation in 1919 under the Local Authorities' Ordinance.

In 1953, following recommendations by a committee headed by Mr. C.A.G Wallis, Gradu-

ated personal tax was introduced to finance local governments.

Income tax was introduced in Uganda in 1940 by a Protectorate ordinance. It was mainly payable by the Europeans and Asians but was later on extended to Africans. In 1952, the ordinances were replaced by the East African Income Tax Management Act, which laid down the basic legal provisions found in the current income tax law. The East African Income Tax Management Act of 1952 was repealed and replaced by the East African Income Tax Management Act of 1958.

The administration of both income tax and customs duty was done by departments of the East African Community (EAC) until its collapse. Under the EAC dispensation, there were regional taxing statutes and uniform administration but the national governments (or partner states, as they were called) retained the right to define tax rates.

After the collapse of the EAC, the tax departments were transferred to Ministry of Finance with the transfer of the Income Tax Department in 1974; followed by the Customs Department in 1977. In 1991, the function of administering Central government taxes was shifted from the Ministry of Finance to the Uganda Revenue Authority, a corporate body established by an Act of Parliament.

The EAC was re-established in 1999 by Tanzania, Kenya and Uganda. Rwanda and Burundi joined the EAC in 2007. The EAC in December 2004 enacted the East African Community Customs Management Act 2004 (EAC-CMA). This Act governs the administration of the EA Customs union, including the legal, administrative issues and operations.

3.0 THE LEGALITY OF TAXES COLLECTED BY THE CENTRAL GOVERNMENT

Articles 152 (1) of the Uganda Constitution provides that “No tax shall be imposed except under the authority of an Act of Parliament”. Therefore, the Uganda Revenue Authority Act, Cap 196 was put in place to provide the administrative framework in which taxes under various Acts are collected.

Uganda Revenue Authority administers the tax laws (Acts) on behalf of the Ministry of Finance, Planning and Economic Development under the following legislations:

- i. Customs Tariff Act. Cap 337.
- ii. East African Community Customs Management Act, 2004
- iii. East African Excise Management Act Cap 28
- iv. Excise Tariff Act Cap 338
- v. Income Tax Act Cap 340
- vi. Stamp Duty Act Cap 342
- vii. The Finance Acts
- viii. The Gaming and Pool Betting (Control and Taxation) Act Cap 292
- ix. The Tax Procedures Code Act, 2014
- x. Traffic and Road Safety Act Cap 361
- xi. Value Added Tax Act Cap 349
- xii. All other taxes and non-tax revenue as the Minister responsible for Finance may prescribe.

4.0 PRINCIPLES OF TAXATION

The principles of taxation are concepts that provide for guidelines towards a good tax system. Since many view taxation as a necessary evil, it should be administered in a way that creates minimum pain to the payer, just like the proverbial honey bee which collects nectar from the flower without hurting the flower.

Economists over time have laid down the principles that policy makers should take into account when making tax laws; these principles are referred to as the canons of taxation. The following are the common canons of taxation:

4.1 Equity/Fairness

Tax should be levied fairly so that the same amount of tax is paid by persons or entities that are equal in earnings or wealth (horizontal equity).

Illustration

If B is a shopkeeper and makes a profit of Shs. 10,000,000 in a year and is taxed at 10%, which is equal to Shs. 1,000,000, and C who is a cattle trader makes a profit of Shs. 10,000,000 in a year, he should also be taxed at 10%. Likewise, any other person who earns an income of Shs. 10, 000,000, should pay the same tax.

The contribution in tax should increase as the taxable income increases (vertical equity). The principle behind vertical equity, which is most applicable in income taxes, is that the burden among taxpayers should be distributed fairly, taking into account individual income and personal circumstances. Vertical equity is to be taxed proportionate to the income one earns. The strongest shoulders should carry the heaviest burden.

Illustration

B and C in illustration 1 were taxed at 10% because they both earned 10,000,000; if D earned Shs. 15,000,000 this person may be taxed at 15%.

4.2 Convenience

Under normal circumstances, a taxpayer should not undergo undue difficulty to pay tax. Therefore, the place, medium, mode, manner and time of payment should not be a burden to the taxpayer.

Illustration

A person doing business in Tororo should not be inconvenienced to travel to Kampala to pay his/her taxes. An office should be created nearby to ease the process.

4.3 Certainty

A good tax system is one where the taxes are well understood by both tax payers and tax collectors. The time and reason of payment as well as the amount to be paid by an individual should be well documented and certain or known. The tax should be based on laws passed by parliament.

4.4 Economical

The administrative cost of collecting taxes should be kept as low as possible to both the collecting agent and the taxpayer. The general principle is that the cost of collection and administration of taxes to the collecting agent should not exceed 5% of the tax revenue.

Likewise, the cost of compliance to the taxpayer should be as low as possible and must not be seen to hinder voluntary compliance.

Illustration

URA collected about shillings 16Tn in the financial year 2018/19. By the principle of Economy; the cost of collecting and administering taxes should not exceed 5% of shillings 16Tn.

4.5 Simplicity

The type of tax and the method of assessment and collection must be simple enough to be understood by both the taxpayers and the collectors. Complicated taxes lead to disputes, delays, corruption, avoidance and high costs of collection in terms of time and resources.

4.6 Ability to Pay

The tax levied should not exceed the taxable income of a person. This is to avoid discouraging the person's performance or participation in the tax base.

Other canons of taxation include; Diversity, Productivity, and Elasticity.

5.0 CHARACTERISTICS OF A GOOD TAX SYSTEM

In complying with the canons of taxation, taxes are characterized as proportional, progressive or regressive.

5.1 Progressive Tax

This tax is structured in such a way that the tax rate increases as the person's income increases. Most income taxes are progressive so that higher incomes are taxed at a higher rate. A progressive tax is based on the principle of vertical equity.

5.2 Regressive Tax

This is a tax not based on the ability to pay. A regressive tax is structured that the effective tax decreases as the income increases.

5.3 Proportional Tax

This is a tax whose rate remains fixed regardless of the amount of the tax base. A proportional tax may be considered regressive despite its constant rate when it is more burdensome for low income payers than to high income payers.

6.0 CLASSIFICATION OF TAXES

Taxes are classified as either direct or indirect. Direct Taxes are imposed directly on a person's income arising from business, employment, property and the burden of the tax is borne by the individual or business entity. Examples of direct taxes include Corporation tax, Presumptive (Small business) tax, Individual Income Tax, such as Pay As You Earn, capital gains tax and rental income tax.

Indirect Taxes are taxes levied on consumption of goods and services. The taxes are collected by an agent and some of them include Value Added Taxes (VAT), excise duty, import duty among others.

Illustration

Shopkeeper B sells bread to K for Shs. 2,000, on which VAT has been charged. The VAT on the bread therefore is Shs. 305 (18% of 2,000). The tax is remitted to the Government by the seller. Although K has paid the Shs. 305 on bread that was priced at Shs. 1,695, the tax is accounted to URA by B and K need not follow up the transaction with URA.

7.0 ROLE OF TAXATION

- a. To finance Government re-current and development expenditure, i.e. paying salaries for civil servants and funding long term projects such as construction of schools, hospitals and roads.
- b. It can be used to regulate demand and supply in the economy in times of inflation.
- c. It encourages development of local industries with a view to providing employment and saving foreign exchange, by imposing high duties on competing imports. It encourages export of goods and services by reducing or removing tax on the export in order to make them more competitive in the world market.
- d. It protects society from undesirable or harmful products and industries by imposing high taxes on them, for instance excise duty on cigarettes and beer as well as environmental levy on used vehicles.
- e. To achieve greater equality in the distribution of wealth and income, the government may impose a progressive tax on the incomes and wealth of the rich. The revenue raised is then used to provide social services for the benefit of the society.

8.0 ABOUT UGANDA REVENUE AUTHORITY

Uganda Revenue Authority (URA) is a Statutory Authority established by the Uganda Revenue Authority Act, Cap 196 with the mandate of assessment, collection and administration of taxes, fees and Non - Tax revenue in Uganda.

8.1 Vision

A transformational Revenue Service for Uganda's Economic Independence

8.2 Mission

Mobilize revenue for National Development in a Transparent and Efficient manner.

8.3 Core Values

- Patriotism
- Integrity
- Professionalism

8.4 Client Value Proposition

We promise excellent revenue services everywhere, all the time at the lowest cost possible.

8.5 Tagline

Developing Uganda Together

8.6 How URA is organized to serve its clients

Uganda Revenue Authority is administered by a Board of Directors, which is the policy making body entrusted with general oversight of the organisation. The Management of

URA is headed by the Commissioner General.

8.7 Departments in URA

Administratively, URA has ten departments, as follows:

8.7.1 Commissioner General's Office

This department is responsible for client experience, Public relations and communication, stakeholder relations, integrity and ethics.

8.7.2 Corporate Services Department

This department is responsible for all the support service functions in the organization. These include; performance management, procurement, finance, administration and human resource management.

8.7.3 Customs Department

This department is responsible for handling all customs issues including assessing and collecting international trade revenues in accordance with the relevant tax laws

8.7.4 Domestic Taxes Department

This department is charged with the responsibility of administering all domestic tax affairs; registration, receipt of returns, filing, auditing, assessments, collections, and refunds. In addition to tax revenue, it also administers nontax revenue as mandated by Ministry of Finance, Planning and Economic Development.

8.7.5 Internal Audit Department

This department offers audit assurance services to other departments on the adequacy of internal control systems

8.7.6 Tax Investigations Department

This department is charged with monitoring and pursuing all cases of tax crime and evasion-related activities.

8.7.7 Information Technology and Innovation

This department is charged with development, planning and implementation of enterprise Information Technology systems

8.7.8 Legal and board Affairs Department

The main role of the Department is to serve as an in-house legal firm to provide legal services on all issues that may arise in the day-to-day operation of the organization. The Department represents URA in the courts of law as well as quasi courts.

8.7.9 Strategy and Risk Management Department

This department is responsible for strategy and research, tax expenditure and analysis, monitoring and evaluation, enterprise risk management and tax education.

8.7.10 Tax Academy Department

This department is responsible for internal and external specialized tax training programs. This department ensures that both the organization's staff and its external stakeholders are well-informed about current tax practices and regulations.

8.8 Specified Targets

Uganda Revenue Authority receives annual revenue targets from its parent Ministry, The Ministry of Finance, Planning and Economic Development. URA's long-term goal is to collect Revenue that will fully finance the Government recurrent and Development expenditure.

8.9 Feedback management

URA values feedback and shall continue to inculcate a communication culture through the following initiatives:

- Taxpayer outreach program
- Stakeholder engagements
- The Annual Taxpayers' Appreciation Day
- The Annual Client Satisfaction Surveys and the Media

Other tools used to generate feedback from clients include:

- The URA Web portal
- The URA Toll Free line 0800117000/0800271000
- URA WhatsApp 0772140000
- Suggestion boxes
- The Client Feedback Form
- Email: services@ura.go.ug
- Social media e.g. Facebook, Twitter, Instagram and YouTube
- The Taxman Blog

Feedback is invaluable to URA for the following reasons;

- It enables us to know how well we are performing against the parameters put in place. Through this, we are constantly kept in a position to determine our strategic direction
- It also provides a basis for the short term activities we must carry out in order to satisfy our client
- URA is committed to placing the customer first and shall undertake all possible measures to achieve this.

8.10 Managing Complaints

URA recognizes that managing feedback is a critical factor in Client Service and is therefore committed to giving instant responses to all complaints raised using established feedback tools.

8.11 Accountability

Accountability is a primary tool of ensuring continuity in any relationship.

URA shall:

- Uphold zero tolerance to corruption e.g. through the Integrity Enhancement function that oversees integrity issues in URA
- Avail all the necessary information to all our stakeholders
- Be responsive to the environmental and societal needs of the community in which we operate through comprehensive Corporate Social Responsibility programs.
- Hold periodic press briefs to keep the public informed in regard to tax and tax related issues
- Disseminate information to the public on demand through established channels

- Establish strong internal controls to check on the performance of our procedures

8.12 Dissemination of information

Is key in the relationship between URA and the Public; and this will be achieved through:

- Appointed Regional Spokespersons who deal with all public relations issues in a bid to improve information flow to all stakeholders.
- Developed a Web portal to cater for our vast clientele. This is aimed at giving our clients one quick access to handy material in regard to URA, its processes and procedures.
- Profiled and segmented all sectors of the business community to enable a focused approach
- Participate in Exhibitions where Tax Information Centers are established to handle client issues.
- Partner with the media to take the tax message to the grass roots.
- Hold periodic press briefings to enlighten the public on current issues pertaining to the Authority or its dealings.
- Produce simplified tax materials to benefit its vast clientele.
- Translate simplified tax materials to local languages to empower all the taxpayers with tax information.
- Implemented the Taxation course units in the Ugandan School Curriculum

8.13 Monitoring and evaluating performance

URA shall continue to monitor and evaluate performance through a number of avenues. These include;

- Periodic client satisfaction surveys – Feedback from such surveys will be used to improve on our service delivery.
- The URA Client Service Standards. These Standards detail how URA shall relate with all her stakeholders. They are an open commitment on what the ‘customer’ should expect as the minimum service levels from all URA staff.

Our stakeholders are encouraged to know the provisions therein and give feedback relating to staff performance.

8.14 Performance improvement

URA has embraced several initiatives aimed at improving organizational effectiveness and efficiency including the following:

- 1. Restructuring:** URA reorganized itself to provide a leaner, more efficient and focused institution with a highly motivated and proactive workforce.
- 2. Attitude Change:** URA shall uphold the Organizational Core Values while undertaking Team Building Events and staff Training to achieve positive behavioral change.
- 3. URA Client Service Standards:** The standards will provide a benchmark for the measurement of performance levels across the organization

SERVICES	STANDARDS
Physical Queues	URA shall attend to taxpayers and/or its clients on a first come, first serve basis to give assistance and/or clarification to taxpayers regarding their tax obligations
Acknowledge and resolve complaints	URA services shall be available between 8:00 am – 5:00 pm from Monday to Friday (except public holidays), with the exception of the following where URA Services shall be available between; a) Twenty four hours/Seven days of the week (24/7) for One Stop Border Posts b) 8:00 am – 8:00 pm on Weekdays and 9:00 am – 3:00 pm on Weekends except on public holidays for URA call-center services
Duty drawbacks / refunds	• URA will endeavor to process duty drawbacks / refunds within the following stipulated timelines from the date of submission of requests for refunds; • Income Tax – 30 days • VAT – 15 days • Other Non – Tax Revenue –10 days
Audits and Assessments	URA will give the taxpayer at least ten (10) days' notice of its intention to conduct an audit. However, no prior notice shall be given where an investigation is to be conducted.
Objections decisions	An objection notice will be served to the taxpayer within 90 days from the date of receipt of the objection for Domestic Taxes. An objection notice will be served to the taxpayer within 30 days from the date of receipt of the objection for Customs Duties
Licensing of Tax and Clearing Agents	URA shall provide an updated list of licensed Tax and Clearing agents annually using available communication channels.
TIN Registration	After fulfilling all requirements and procedures as per the existing law Tax Identification Number will be processed within 2 business day
Processing of Exemptions	After fulfilling all requirements and procedures as per the existing law Tax Exemption Process will be completed within 30 business days, subject to availability of all the relevant information.
Processing of Tax Clearance Certificate	Tax Clearance Certificate processing shall be done within 2 working days.
Approval and Cancellation	After fulfilling all requirements and procedures as per the existing law Approval and Cancellation of Agency notice shall be processed within 24 business days.
URA online systems	URA online systems will be available twenty four hours / seven days a week (24/7). Taxpayers will be notified in the event of system intermittence.
Contact Person	For all correspondences, we shall provide a contact person and their direct telephone and official email for the taxpayer to follow up.
Engagements	For all routine engagements, taxpayers and stakeholders shall be informed on the time and venue at least one week in advance.
Inquiries and Complaint Management	Inquiries and complaints lodged through URA's available platforms, will be responded to within 2 business days.

8.15 Taxpayers' Charter

The URA Taxpayers' Charter spells out the rights and obligations of the Taxpayer, guides URA in upholding these rights and facilitates the Taxpayer to meet his or her obligations.

It was launched in 2002 and first revised in April 2006 to accommodate the developments in Uganda Revenue Authority (URA) and later in December 2006 to align it with the Public Service Client Charter then in June 2011 and the latest revision in 2015.

The Charter derives authority from the various Tax laws and Regulations governing the administration of taxes in Uganda and clearly outlines the expectations of both the Taxpayer and the Tax Authority.

It acts as a reference point for the Taxpayers in managing their interaction with URA and provides the Tax body with the necessary benchmark for its Client Service Standards. This is done by recognizing its clients as viable partners in the administration and collection of taxes. The Taxpayers charter is therefore a set of guidelines that guarantees a meaningful relationship between URA and its various stakeholders.

8.15.1 Rights of the Taxpayer

a) Right to fair treatment

Taxpayers have a right to be treated fairly in all their dealings with URA. Tax laws and procedures shall be applied consistently to all taxpayers.

b) Right to finality

Taxpayers have the right to know the maximum amount of time required to challenge URA's tax related decisions, as well as the maximum amount of time URA has to audit a particular tax year. Taxpayers have the right to know when URA has finalized an audit

c) Right to Privacy

Taxpayers have the right to expect that any URA inquiries, examinations, investigations or enforcement actions will comply with the law and be no more intrusive than necessary and will respect all due process rights, including search and seizure protections

d) Right to confidentiality

Taxpayers have the right to expect that any information they provide to URA will not be disclosed unless authorized by the taxpayer or by law. Taxpayers have the right to expect appropriate action to be taken against URA employees who wrongfully use or disclose taxpayer information

e) Right to be informed

Taxpayers have the right to know what they need to do to comply with the tax laws. They are entitled to clear explanations of the law and URA procedures in all tax forms, instructions, publication, notices and correspondences. They have the right to be informed of the URA decisions about their tax accounts and to receive clear explanations of the outcomes.

f) Right to timely, quality and professional services

Taxpayers have the right to receive prompt, courteous and professional assistance in their dealings with URA and to receive clear and easily understandable communications

from URA.

g) Right to representation

Taxpayer reserves the right to appoint and retain an authorised representative such as a tax agent or clearing agent to represent them in their dealings with URA.

h) Right to challenge and/or object

Taxpayers have the right to raise objections and provide additional documentation in response to tax decision and to expect that URA will consider their objections promptly and fairly, and to receive a response from URA within the period stipulated in the Law.

i) Right to appeal

Taxpayers have a right of appeal to an independent tax tribunal or courts of law in accordance with the law on any matter

8.15.2 Obligations of the Taxpayer

a) Registration

All eligible taxpayers should voluntarily register with URA.

b) Refund Claims

Taxpayers have the obligation to submit their tax refund claims using prescribed forms and attach required evidence to support the claim.

c) Keeping of proper records

The Taxpayer is obliged to keep accurate records of accounts, documents and any other relevant information as prescribed under the law

d) File tax returns

Taxpayers are obliged to file accurate and timely tax returns, customs entries or any information relating to their tax obligations

e) Payment of Taxes

Taxpayers are obliged to pay tax in accordance with the law.

f) Avoid Tax Evasion

Taxpayers should not indulge in any form of tax evasion and/or other illegal practices that cause revenue leakages.

g) Compliance

Taxpayers must comply with their tax obligations as stipulated by the relevant laws

Taxpayers must comply with all processes and procedures as stipulated by law and administratively to facilitate revenue collection

h) Update personal information

Taxpayers are required to regularly update personal information and payment details with URA.

i) Due diligence in tax matters

The taxpayer is solely responsible for managing his/her tax obligations and affairs.

j) Be respectful to URA staff

The taxpayer is expected to behave respectfully at all times when dealing with all URA staff.

k) Dealing with authorized staff

The taxpayer and/or his/her authorised agent(s) shall be expected to deal and cooperate with URA's authorized staff.

l) Quote your TIN

The Taxpayer must always quote their Taxpayer Identification Number (TIN) for any dealings with URA.

m) The need for an interpreter

The Taxpayer shall inform URA of their need for an interpreter.

Response to tax notices and any other URA communication

The Taxpayer is obliged to respond to notices and information requests received from URA in a time bound manner.

9.0 BRIEF ON E-TAX

9.1 E – Registration

URA, through its modernization process introduced an electronic/online system (eTAX) to cater for registration of taxpayers, filing of returns, assessments and payment of taxes. eTAX is a name given to an Integrated Tax Administration System that provides online services to the taxpayer on a 24-hour basis.

eTAX enables taxpayers to lodge their Taxpayer Identification Number (TIN) applications online through the web portal, from anywhere on the globe as long as they are connected to the internet.

URA has further simplified the TIN registration process by introducing Instant TIN application, a TIN registration process that is done using an online web form, and a TIN is generated instantly upon submission of the application.

The taxpayer upon receipt of a TIN is able to log into their account on the URA web portal for any further transactions.

Some of the benefits of e registration include: a streamlined and less time wasting process, application easily done on the web portal. Besides registration, the taxpayer is able to amend his / her registration details with URA in case of any changes. Taxpayer will always receive feedbacks on the application and this is possible especially when accurate email addresses and telephone numbers (of the taxpayers) are indicated in the application.

9.2 E – Filing

A taxpayer registered with URA for any tax type other than PAYE has an obligation to submit a return for the tax period defined by the respective tax law. URA facilitated the taxpayer to fulfill this obligation by introducing electronic filing in eTAX.

The taxpayer obtains a return from the web portal ([http:// ura.go.ug](http://ura.go.ug)), save a template on any storage device, take time to fill in the return and validate the return before they finally upload it on the web portal. If the upload is successful, the taxpayer will receive an auto generated e-acknowledgement receipt which is evidence of submission. In case of any problems in filling the respective returns, do not hesitate to send an email about the challenge to URA on the email address; services@ura.go.ug or call the toll free lines 0800117000/0800217000.

In case there are errors in the return detected by the system, the taxpayer is given a chance to amend the errors when he/she is issued a Return Modified Advice Notice.

The return must be submitted by the due date to avoid penalties for late filing and it must also be submitted for each tax period to avoid estimated assessments that arise out of non-submission of returns. In case the taxpayer is unable to submit a return on time, he or she can apply for the extension of time to submit a return late using an application form for late filing also found on the web portal.

Some of the benefits accruing from e-filing are that the return process was clearly separated from the payment process and the taxpayer can now file returns before/ after making the payment, or make the payment before/ after filing the return.

NB: Both Payment and Return should be made on or before the deadline.

9.3 E – Payment

A taxpayer required to make payments to URA for any tax type can do so using the e payment process. All the taxpayer needs to do is to go onto the URA web portal ([http:// ura. go.ug](http://ura.go.ug)), access the payment registration slip, register the payment and go to the bank to make the actual payment over the counter. The taxpayer in future may even not need to go to the bank as such facilities like, mobile money, Payway, VISA Cards are enabled for use

Benefits accruing from e-payment are that the taxpayer can utilize the service on a 24-hour basis, the taxpayer's costs of movement between his/her premises and URA or the bank are reduced; and thus saving time. Taxpayers can also monitor the status of their payments online through the web portal.

10.0 DEFINITION OF KEY TERMS

A Person – Includes an individual, a partnership, a trust, a company, a retirement fund, a government, a political subdivision of government, and a listed institution.

Chargeable Income – is the gross income of a person for the year less total deductions allowed under the Income Tax Act Cap 340 for the year.

Gross Income of a person for a year of income – is the total amount of business income, employment income and property income other than exempt income. In case of resident persons, Gross income is a person's income from all geographical sources; and in the case of non-resident persons, gross income includes only the income derived from Uganda.

Residency for tax purposes is defined in relation to individual, partnership and Company

as follows:

A resident individual is a person who has a permanent home in Uganda; or is present in Uganda: for a period of 183 days or more in any twelve (12) months period that commences or ends during the year of income; or during the year of income and in each of the two preceding years of income, for periods averaging 122 days in each such year of income; or is an employee or official of the government of Uganda posted abroad during the year of income.

A resident company is one which:

- a) Is incorporated in Uganda under the laws of Uganda
- b) Is managed or controlled in Uganda at any time during the year of income.
- c) Undertakes a majority of its operations in Uganda during the year of income.

A resident partnership – is one where any of the partners was a resident person in Uganda during the year of income.

Year of Income – means the period of twelve months ending on June 30, and includes a substituted year of income and a transitional year of income.

A substituted year of income – is a period of 12 months ending on a date other than June 30.

A transitional year of income – is a period of less than 12 months that falls between the person's previous accounting date and a new accounting date. This results from a change in a person's accounting date.

11.0 SCOPE OF TAX LIABILITY

The scope of liability to tax depends on a person's residence status.

Income tax is imposed on Income from business, employment and property.

For a resident person, income tax is charged on gross income from all over the world while for a non-resident person is only charged on income derived from sources within Uganda.

Income tax is charged on every person who has chargeable income for each year of income. Chargeable income is derived from three main sources of income, namely; business, employment and property.

Income tax is administered under the Income Tax Act (1997) Cap 340 on chargeable income. As earlier noted, chargeable income is the gross income of a person for the year of income less total deductions allowed under the income tax act.

12.0 SOURCES OF INCOME

12.1 Business Income

Business is defined in the Income Tax Act to include any trade, profession, vocation or adventure in the nature of trade.

Business income means any income derived by a person in carrying on a business and

includes the following amounts, whether of a revenue or capital nature:

- The amount of Gains or losses from the disposal of business assets such as land and buildings.
- Any amount derived by a person as consideration for accepting a restriction on the person's capacity to carry on business. For example, if Mama Rhoda gives Senkubuge Shs. 100,000 to relocate his shop to another area, the Shs. 100,000 becomes business income to Senkubuge.
- The gross proceeds derived by a person from the disposal of trading stock, i.e. sales.
- The value of any gifts derived by a person in the course of, or by virtue of, a past, present, or prospective business relationship.
- Interest derived by a person in respect of trade receivables or by a person engaged in the business of banking or money lending.
- Rent derived by a person whose business is wholly or mainly the holding or letting of property.

The definition of business is therefore inclusive rather than specific such that there can be business which does not arise from trade, profession vocation or adventure in the nature of trade.

12.1.1 Trade

Trade has the same meaning as commerce and it involves buying and selling or bartering of goods. There are many exceptions to this general definition but the following elements are crosscutting:

- The element of profit
- The regularity of the transactions.
- The arrangements and effort, and,
- Compliance with statutory obligations made to make the transactions work.

Any of the above may determine whether a trade is carried out. However, depending on the facts of each case, the existence of these conditions could generally lead to the likelihood of a trade.

12.1.2 Adventure in the Nature of Trade

This refers to transactions where profits arise from activities such as gambling, speculative dealings in commodities, single or one off transactions or unconventional transaction e.g. smuggling.

The definition of an adventure of trade may appear sometimes to overlap with trade, but if either is proved, the requirements for business definition are satisfied.

The following characteristics may point to an adventure in the nature of trade.

- Profit seeking.
- The way in which the asset was acquired.
- The nature of the asset.
- Modification of the asset prior to sale or use.
- Interval between purchase and sale of the asset.
- Way in which the sale is effected.
- Number of transactions.
- Existence of trading interest in the same field.
- Method of financing the transaction.

12.1.3 Profession

This is a paid occupation especially one which requires advanced education and training, e.g. architecture, accounting, law and medicine.

This is how one passes one's life when earning a living. More often, it is referred to as a special calling and qualification for a certain kind of work especially for social or religious work. It can thus be used to bring within the scope of income tax any form of regular and continuous profit earning, which does not fall within the categories of trade, business, profession or employment. Earnings from activities related to religion can fall in this category.

Business income is considered if it is 'derived' during the year of income. 'Derive' has been judicially determined to be equivalent to 'accrue' or 'arising', which also relates to the source of income.

12.1.4 Capital Gains

Capital gains arise from the disposal of a business asset that is not a depreciable asset, such as land and buildings as well as sale of shares and commercial buildings. A disposal of an asset occurs when an asset has been sold, exchanged, redeemed, distributed, transferred by way of gift, destroyed or lost by the taxpayer. The Capital gain is the excess of the consideration over the cost base of the asset. Conversely, there may also be a loss when the cost base of the asset is higher than the consideration received for the business asset.

Cost base of an asset is the amount paid or incurred by the taxpayer in respect of the asset, including incidental expenditures of a capital nature incurred in acquiring the asset, and includes the market value at the date of acquisition of any consideration in kind given for the asset.

Capital gains are included in the gross income of the taxpayer and assessed as a business income.

Calculation of tax on capital gains

In the calculation of tax on capital gains, indexation is provided for in order to account for inflation. This means that before determining tax on capital gains, one will factor in inflation among others that influence the asset value. However, indexation only applies where the asset is sold after 12 months from the date of purchase of that Asset.

The prescribed formula is:

CB x CPID/CPIA, where;

CB is the amount of an item of cost or expense incurred;

CPID is the Consumer Price Index number published for the calendar month of sale; and CPIA is the Consumer Price Index number published for the month immediately prior to the date on which the relevant item of cost or expense was incurred.

Example:

A piece of land in June 2022 for Shs.10,000,000 and sold it in August 2023 for Shs.25,000,000. The Consumer Price Index (CPIA) for May 2022 was 153.25 and the Consumer Price Index

(CPID) for August 2023 was 181.67

In this case, the cost of acquisition of the land with inflation considered would be;

$CB \times CPID / CPIA$, where;

$CB = 10,000,000$

$CPID = 181.67$

$CPIA = 153.25$

$10,000,000 \times 181.67 / 153.25 = 11,854,486$

So, the taxable capital gain would be;

$25,000,000 - 11,854,486 = 13,145,514$ UGX

And tax at 30% would be;

$13,145,514 \times 30\% = 3,943,654$ UGX

If the land was purchased and sold within 12 months from the date of the purchase, the capital gains would be computed by deducting the original purchase price (cost base) from the selling price. There is no consideration for inflation when computing the cost base of the asset.

So, the taxable capital gain would be;

$25,000,000 - 10,000,000 = 15,000,000$

And tax at 30% would be;

$15,000,000 \times 30\% = 4,500,000$ UGX

Therefore, indexation creates a tax saving of shs.556,346.

12.2 Employment Income

Any income derived by an employee from any employment, whether past, present or in future, including the value of any benefit, advantage or facility granted to an employee constitutes employment Income. An amount or benefit is derived in respect of employment if it is provided in respect of past, present or prospective employment. It also includes an amount or benefit provided by a third party under an arrangement with an employer or an associate of the employer; and it does not matter whether it is paid to the employee or to his associates.

Employment is regarded to exist where there is a contractual relationship between master and a servant for a pay.

Employment refers to:

- Position of an individual in employment of another person.
- Directorship of a company.
- A position entitling the holder to a fixed or ascertainable remuneration.
- Holding or acting in a public office.

It is important to distinguish between an employee and an independent contractor. As a general rule, an individual who does not satisfy the definition above automatically becomes an independent contractor.

Factors to consider when distinguishing between employees and contractors:

- Who has control over hours of work?
- Who has control over location of place of work?
- Who has control over sequence of work?
- Who furnishes the tools, equipment and materials?
- Whether the work has a risk of profit or loss?

An employer means a person (individual or corporate) who employs/remunerates an in-

dividual while an employee is an individual engaged in employment

12.2.1 Composition of Employment Income

According to the Income tax Act cap 340, Employment income includes:

- Wages, salary, leave pay, payment in lieu of leave, overtime pay, fees, commission, gratuity, bonus, allowances (entertainment, duty, utility, welfare, housing, medical, or any other allowances)
- The value of any benefits in kind provided by/on behalf of the employer to the employee
- Amount of private/personal expenditure discharged or reimbursed by the employer
- Employment terminal and retirement benefits
- Insurance premiums paid by the employer for the employee and/or his dependants
- Payments in respect of change of employment/contract terms
- Discounts in shares allotted to an employee and any gain derived on disposal of a right or option to acquire shares under an employee share acquisition scheme

Note: It should be noted that all or any of the above in combination comprise employment income.

12.2.2 Benefits in Kind

A benefit in kind is the facilitation not by way of cash by an employer to an employee as part of past, present or future employment terms. Such benefits need not have been in the written employment terms. Taxable non-cash employment benefits include:

- Private use of an official motor vehicle
- Provision of domestic servants and utilities
- Meals, refreshment, entertainment
- Relief of debt obligations/interest
- Provision of property by employer to employee (at no arm's length terms)
- Provision of residential accommodation
- Any other benefits as determined by the Commissioner General.

12.2.3 Valuation of Benefits in Kind

As a general rule, the value of a benefit in kind is the fair market value of the benefit on the date it is taken into account for tax purposes less any amount paid by the employee for the benefit.

- 1. Motor Vehicle** – Where a benefit provided by an employer to an employee consists of the use or availability for use of a motor vehicle wholly or partly for the private purposes of the employee, the value of the benefit is calculated according to the following formula: $(20\% \times A \times B/C) - D$ where,
 A is the market value of the motor vehicle at the time when it was first provided for the private use of the employee.
 B is the number of days in the year of income in which the motor vehicle was used or available for use for private purposes by the employee for all or a part of the day.
 C is the number of days in the year of income
 D is any payment made by the employee for the benefit
- 2. Domestic Assistants (housekeeper, driver, gardener or other domestic assistant)** – The benefit is the total employment income paid to the domestic assistants, reduced by any payment made by the employee for the benefit.
- 3. Meals, refreshment or entertainment** – The benefit is the cost of the meals, etc. to the employer less any payment by the employee.

4. **Utilities (Electricity, Water, Telephone, Internet)** – The benefit is the cost of the utility to the employer less any payment by the employee.
5. **Low interest on loans exceeding one million shillings** – The benefit is the difference between the interest paid by the employee and the interest payable using the statutory interest rate (Bank of Uganda discount rate at commencement of the year of Income).
6. **Debt waiver** – The benefit is the amount of the debt waived.
7. **Transfer or use of property or provision of services (Furniture and transportation)** – The benefit is the market value of the property or services less any payments by the employee.
8. **Accommodation or housing other than by way of reimbursement, discharges or allowances** – Where a benefit provided by an employer to an employee consists of the provision of accommodation or housing, the value of the benefit in kind is the lesser of:
 - a) the market rent of the accommodation or housing reduced by any payment made by the employee for the benefit; or
 - b) 15% of the employment income, including the amount referred to in paragraph (a), paid by the employer to the employee for the year of income in which the accommodation or housing was provided.
9. **Any other benefit** – The benefit is the market value of the benefit less any payments by the employee.

12.2.4 Employee's Relief

This refers to gains or income that is not included in the chargeable income of the employee and therefore not taxable on the employee:

- a. The employee's income that is below the taxable threshold, currently at Shs. 235,000 per month
- b. Pension
- c. Discharge or reimbursement of medical expenses actually incurred by the employee
- d. Life insurance premiums paid by a taxable employer (company individual) for the benefit of the employee
- e. Expenses incurred by the employee; discharge or reimbursement for the employee on official duty of the employer
- f. Meals and refreshments or value thereof provided to all employees at equal terms
- g. Employer's contribution to a retirement fund for the benefit of the employee
- h. Any non-cash benefits whose value is less than Shs. 10,000 a month
- i. Relief of 25% on terminal benefits for employees who have served the employer for at least 10 years
- j. Passage costs
- k. The employment income of an expatriate employee in a listed Institution, under a technical assistance agreement subject to the Minister's approval
- l. Official employment income of persons employed in the armed forces, Uganda Police Force and Uganda Prisons. It however excludes persons serving there in civilian capacity
- m. Employment income of a prosecutor in the Office of the Directorate of Public Prosecution ("ODPP")
- n. Employment income of persons employed by East African Development Bank (EADB)

12.3 Property Income

Property Income is defined in the Income Tax Act as;

- a. Any dividends, interest, natural resource payments, rents, royalties and any other pay-

- ments derived by a person from the provision, use or exploitation of property
- b. The value of any gifts derived by a person in connection with the provision, use or exploitation of property
 - c. The total amount of any contribution made to a retirement fund during a year of income by a tax exempt employer
 - d. Any other income derived by a person but does not include an amount which is business, employment, or exempt income
 - e. Any amount included in business income of the person under any other section of the Income Tax Act

12.4 Exempt Income

Certain incomes by law are not taxed and they are referred to as exempt income. Exempt income is listed in section 21 of the Income Tax Act.



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The background is a solid yellow color. In the foreground, there is a stylized illustration of a laptop. Several semi-transparent icons are floating around the laptop. These icons include: a document with 'TAX' and a calculator grid; a document with 'TAX' and a clock; a document with 'TAX' and a bar chart; a document with a dollar sign and a bar chart; a document with a globe; and a document with a percentage sign. The text 'PART B' is centered over the laptop screen.

PART B

1.0 TAX REGISTRATION

URA, through its modernization process improved the registration process through providing online services on a 24-hour basis. The registration process enables taxpayers to obtain a Taxpayer Identification Number (TIN). A person liable to pay tax under a tax law or any person engaging in any business generating income in Uganda is required to have a TIN.

1.1 Taxpayer Identification Number (TIN)

A TIN is an identifying number used for tax purposes in Uganda; it is one's personal account with URA and it can be obtained through any of the following processes;

Through the URA Web portal:

- i. Visit the URA web portal – <https://ura.go.ug>
- ii. Download the appropriate registration form (Individual or Non Individual),
- iii. Complete the form by filling in the mandatory fields (boxes)
- iv. Upload and submit online the completed form
- v. Print a copy of the form and sign it off and together with the necessary attachments submit to the nearest URA office.
- vi. Receive an acknowledgment notice of approval of TIN

Visiting a URA designated office

In case a tax payer cannot register online, he or she can walk into any of the URA offices or One Stop Centre located in any of the Municipality or KCCA division and assistance shall be provided to complete the registration process. Ensure that you move along with the necessary attachments.

In case of failure to do any of the above, call: (Toll free) 0800117000/0800217000 / or WhatsApp 0772140000 or send an email to services@ura.go.ug.

On approval of the application, the taxpayer will receive a notice containing the TIN and a default password to enable him/her log into their URA Account on the web portal. This will enable him/her create his/her own password.

All taxpayers should jealously protect details about their TIN account since they are responsible for all the transactions conducted through their TIN account.

1.2 General Registration requirements

These depend on the registration Category i.e. as an individual or non-individual (E.g. Company).

- An active email address and mobile telephone.
- For an Individual, TIN registration requires a National ID or any other two of the following valid identification documents; Village ID, Employment ID, Passport, Driving permit, Voter's card, recent Bank statement, Work permit, financial card, Visa, NSSF card etc.
- For a non-individual, TIN registration requires Certificate of Incorporation/certificate of registration, Company Form 20 showing the Directors of the company, the TINs of the directors or any other persons with legal capacity to bind the entity, and any other legal documents that confirms existence.

1.3 Business type identification criteria

A business type is identified basing on the mode of operation and the activities involved. In case it involves more than one business activity (a mixed business); it is categorized depending on the core activities that generate more revenue i.e. the principal business that contributes the largest portion of the total Business Income.

1.4 Taxes imposed on registration

1.4.1 Income Tax

Income Tax (IT) is tax imposed on a person's chargeable income at specific rates and is charged for each year of income. Taxable income is derived from three main sources of income as explained in part (A) of this book

Income Tax may be categorized into:

- **Individual Income Tax** that is imposed on all individuals engaging in income generating activities/businesses.
- **Corporation Tax** that is imposed on all corporate entities (companies) engaging in income generating activities/businesses.
- **Pay as You Earn (PAYE)** that is charged on employees (earning monthly income above 235,000) by employers and then remitted to URA on behalf of the employees.
- **Withholding Tax (WHT)** that is withheld at source. This tax is an advance tax and as such the taxpayer needs to clearly declare it in the applicable tax return such that it reduces the tax liability of the period it relates to.
- **Rental Tax** that is imposed on the total amount of rental income derived by a person for the year of income from the lease of immovable property (land and/or buildings) in Uganda.

Note that ground rent and property fees charged by local authorities do not affect rental tax for individuals; however, where applicable they are allowed as expenses for non-individuals when computing their rental tax.

1.4.2 Value Added Tax (VAT)

This is a tax imposed on the supply of taxable goods and services made by a taxable person and imports of taxable goods or services other than exempt goods or services as listed in section 19 and 20 of the VAT Act Cap 344.

All persons dealing in taxable supplies with a gross turn over above 150 million are required to register for VAT.

General Requirements for VAT Registration include;

- The applicant must be already in business of supplying taxable goods or services
- The applicant must have a fixed place of abode or business.
- The applicant should be able to keep proper books of accounts.
- The applicant should be able to submit regular and reliable tax returns
- The applicant should be a fit and a proper person in the opinion of the Commissioner General.

1.4.3 Local Excise Duty (LED)

This is a tax charged on specific goods and services (excisable goods and services) manufactured locally or imported using the rates listed in schedule 2 of the Excise duty Act 2014.

All persons dealing in excisable goods and services must register with the Commissioner for the purpose of local excise management and regulation. Upon registration the com-

missioner issues the applicant a certificate of registration.

Note:

- A manufacturer of excisable goods becomes liable to pay excise duty when the goods are removed from his premises.
- A person providing an excisable service becomes liable to pay excise duty on the earlier of:
 - a) The date on which the performance of the service is completed;
 - b) the date on which payment for the service is made or
 - c) the date on which an invoice is issued

1.4.3.1 Digital Tax Stamps

A person dealing in goods, whether locally manufactured or imported is required to affix a tax stamp on goods locally manufactured or imported. The Minister prescribes, by statutory instrument, the locally manufactured or imported goods on which tax stamps shall be affixed. This means that such products are not allowed on the Ugandan market unless they have digital tax stamps.

The following excisable products are gazetted for initial implementation of the Digital Tax Stamps namely; wines, spirits, mineral water or bottled water, tobacco products, beer, soda, sugar, cement, cement bulker, cooking oil, fruit juice and vegetable juice, other alcoholic, other non-alcoholic and any other fermented beverages.

The commissioner of URA recommends the manner in which a tax stamp is to be affixed to goods.

Note that the commissioner can register a person for an additional tax type when satisfied that he/she fulfills the registration requirements therein.

1.4.4 Gaming Tax

This a tax imposed on an operator of a casino, gaming or betting activity issued with a license under the Lotteries and Gaming Act.

1.4.5 Digital Service Tax

This a tax imposed on every non-resident person deriving income from providing digital services in Uganda to a customer in Uganda at a rate of 5% on gross earnings

1.5 Benefits of acquiring a TIN

- i. Obtaining a TIN enables you to:
 - Import or export goods within and outside Uganda
 - Claim tax benefits that accrue to you e.g. tax refunds etc.
 - Access bank loans
 - Acquire a trading license from Local Government / KCCA to undertake business in their jurisdiction.
 - Register your Motor Vehicle
 - Process stamp duty on land transactions above 50 Million Shillings. etc
- ii. A TIN acts as a security measure on transactions regarding some assets e.g. motor vehicles, land or any other property since a notification is sent to the owner using their TIN whenever a transaction occurs in regard to the same asset

Note:

- In case a taxpayer is not in position to effectively handle his tax matters, he can appoint a tax agent to transact with URA on his/her behalf.
- In case a taxpayer temporarily closes business with the intention of resuming, he can deactivate his TIN and later on reactivate it when the business resumes.
- In case the commissioner is convinced that a taxpayer no longer satisfies the registration conditions, he can deregister that person.

1.6 Tax Agents

A tax agent is a person licensed by the Tax Agents Registration Committee (TARC) to handle tax related issues on behalf of the tax payer. An agent can be an individual, partnership, or company.

Tax related issues may include;

- Preparation, certification and filing of tax returns, information returns or other statements and reports required by the authority.
- Preparation of requests for ruling, petitions, objections, requests for refund and correspondences with the Authority.
- Attending meetings and hearings on behalf of the taxpayer.

A Tax Agents Registration Committee (TARC) is a committee that handles registration, renewal and cancellation of the registrations of tax agents and it comprises of 5 members and these are;

- The commissioner General of Uganda Revenue Authority.
- A representative from the accountancy profession nominated by the institute of Certified Public Accountants (ICPAU)
- A representative from the legal profession appointed by the Uganda Law Society
- 2 members from the private sector

1.7 Accounts and record keeping

- All taxpayers are required to keep proper records of all business transactions in English language such that they can easily determine their tax liability. It is recommended that records should be kept for at least 5 years from the end of the tax period to which they relate or other period as specified in the tax law.
- Where a record is not kept in English, the taxpayer will be required to meet the cost of translation into English by a translator approved by the Commissioner. However, the tax returns and other correspondences with the Commissioner must be in English.

1.8 Changes in registration details

All registered tax payers are required to update their registration details using their accounts on the URA website (or through submission of signed manual amendment forms to any nearest URA office if they fail to access their account online) as soon as an amendment is made in the registration details. This will enable timely and accurate dissemination of correct information to the parties concerned regarding the taxes whenever need arises.

Some of the registration amendment indicators include;

- Errors in registration details.
- Changes in ownership/directorship of the business.
- Changes in location or nature of business.

- Changes in business contact or contact person details.
- Changes in registered tax types. etc.

1.9 Penalties and Offences under registration

- A person who fails to apply for registration as required under a tax law is liable to a default penalty equal to the higher of-
 - a. Double the amount of tax payable during the period commencing on the last day of the application period until the person files an application for registration with the Commissioner or the Commissioner registers the person on the commissioner's own motion; or
 - b. Shs. 1,000,000
- A person who fails to apply for registration or notify the commissioner of a change in registration particulars or circumstances or fails to cancel a registration as required under a tax law commits an offence and is liable on conviction to-
 - a. a fine not exceeding Shs. 3,000,000 or imprisonment not exceeding six years or both on conviction if the failure/act was done knowingly or recklessly.
 - b. a fine not exceeding Shs. 1,000,000 or imprisonment not exceeding two years or both on conviction in any other case.
- A person who knowingly or recklessly uses a false TIN on a tax return or other document prescribed or used for the purposes of a tax law, commits an offence and is liable on conviction to a fine not exceeding Shs. 3,000,000 or imprisonment for a term not exceeding six years or both.

Note that Taxpayers will always receive feedback on their applications through accurate email addresses and telephone numbers indicated in the applications.

2.0 RETURN FILING

- A tax return is a declaration in a form prescribed by the Commissioner, on which a taxpayer reports his or her income for the tax period as a way of self-assessment for taxation purposes.
- A tax period is the duration for which a return is required i.e. a year, month or week.
- A due date is the deadline for filing a return beyond which a person is required to pay a penalty.

2.1 Furnishing of returns

A taxpayer registered with URA for any tax type other than Pay as you earn (PAYE) has an obligation to submit a return for the tax period as per the respective tax law. URA has facilitated the taxpayers to fulfill this obligation by introducing electronic filing of tax returns.

Return type	Due date and filing remarks
Income tax	• Every tax payer is required to furnish a return of provisional tax estimate (i) On or before the last day of the third, sixth, ninth and twelfth months of the year of income in respect of an individual taxpayer's liability; for a period of three, six, nine or twelve months; and (ii) On or before the last day of the sixth and twelfth months of the year of income in respect of a taxpayer's liability other than an individual; for a period of six or twelve months.

	• All tax payers are required to submit final Income tax returns (including rental income returns where applicable) for each year of income not later than the sixth month after the end of the year of income. Those with an annual turnover above 500 million shillings must file their income tax returns with audited financial statements prepared by an accountant registered by the Institute of Certified Public Accountant of Uganda.
VAT	• All VAT registered taxpayers are required to submit Value Added Tax returns (VAT) for each month by the 15th day of the following month.
PAYE	• All PAYE registered taxpayers are required to submit Pay As You Earn (PAYE) tax returns for each month by the 15th day of the following month.
Excise duty	• All taxpayers registered for Excise duty are required to file Excise duty returns for each month by the 15th day of the following month.
Gaming Tax	• All tax payers registered under Gaming and Pool Betting are required to submit their weekly returns by Wednesday of the following week.
Others	• In case of any return required to be submitted under the tax law, it must be done within the specified period under the tax law.

Note that all tax returns must be submitted in the prescribed format and the commissioner can appoint any other person to assist a taxpayer who fails to file at his/her cost.

Note: The law provides for a separate quarterly return for non-resident suppliers of services deemed to be supplied in Uganda when made to non-taxable persons.

A supply of services by a person who carries on business outside Uganda to a non-taxable person in Uganda and is engaged in providing services in connection to the following shall be deemed to take place in Uganda:

- Immovable property in Uganda;
- Radio or television broadcasting services received at an address in Uganda;
- Electronic Services delivered to a person in Uganda;
- Transfer, assignment, or grant of a right to use a copyright, patent, trademark, or similar right in Uganda;
- Telecommunication services initiated by a supplier of telecommunication services or services to a person who is roaming while temporarily in Uganda.

The foreign supplier shall be required to file returns within 15 days after the end of the three consecutive calendar months.

2.2 Certification of tax returns

All tax agents are required to provide the taxpayers with a signed certificate stating the documents used in preparation of their returns and must certify that all documents have been examined and thus reflect the correct data and transactions for the return period.

Note that;

- Tax agents who do not provide the certificate will be required to write to the taxpayer clearly explaining the reasons.
- Tax agents who prepare or assist in the preparation of tax returns are required to make a declaration in the taxpayer's return stating whether a certificate or a statement has been provided to the taxpayer and he may be requested to provide a copy.
- Tax agents are required to keep copies of certificates and statements provided to taxpayers for a period of five years from the date of filing the related tax return.

2.3 Advance returns

The commissioner may by notice in writing at any time during the tax period require a tax payer to file a return for the stated tax period by the date specified in the notice (the date may be before the end of the tax period) if there is proof that;

- A taxpayer has died,
- A taxpayer has become bankrupt or gone into liquidation,
- A taxpayer is about to leave Uganda permanently or any other reason the Commissioner considers appropriate.

Note that the taxpayer is also required to pay any tax due under the return by the stated date in the notice.

2.4 Extension of Return Filing date

If a taxpayer is not able to file a return by the required date, he can apply for an extension to file his return providing reasons justifying the extension.

Note that;

- The extension if granted will not exceed 90 days and does not change the due date for payment of the tax due. Interest will therefore accrue on any outstanding tax liability.
- Multiple extension applications are allowed provided the number of days does not exceed 90 days in aggregate.
- If the taxpayer is dissatisfied with the Commissioner's decision about the extension, he may challenge it under the objection and appeals procedure.

2.5 Offences and penalties relating to tax returns

- A person who fails to furnish a tax return by the due date, or within a further time allowed by the Commissioner is liable to a penal tax equal to 2% of the tax payable under the return before subtracting any credit allowed to the taxpayer on his or her tax return or Shs. 200,000 per month, whichever is higher, for the period the return is outstanding.
- Failure to furnish a tax return by the due date or within a further time allowed by the Commissioner commits an offence and is liable on conviction to a fine not exceeding Shs. 1,000,000 and upon failure to furnish the return within the period prescribed by court is a fine not exceeding Shs. 2,000,000 on conviction.
- If a taxpayer's provisional chargeable income for a year of income is less than 90% of the actual chargeable income assessed for that year, the penalty is 20% of the difference in tax on the taxpayer's estimate and 90% of the actual chargeable income.
- A person who knowingly or recklessly makes false or misleading statements or omits from a statement made to a tax officer, any matter or thing without which the statement is misleading in a material particular, and the tax payable by the person exceeds the tax that was assessed as payable based on the false or misleading statement or omission, is liable to a penal tax equal to double the amount of the excess.
- A person who knowingly or recklessly makes false or misleading statements or omits from a statement made to a tax officer, any matter or thing without which the statement is misleading in a material particular, commits an offence and is liable on conviction to a fine not exceeding Shs. 110,000,000 or imprisonment for a term not exceeding ten years or both on conviction.

2.6 Return filing procedure

Returns can be filed online by visiting the URA web portal ([https:// www.ura.go.ug](https://www.ura.go.ug)), click on download online forms to access the respective return forms, Fill the form to generate

an upload file, log into your account to upload and submit. If the upload is successful, the taxpayer will receive an auto generated e-acknowledgement receipt which is evidence of submission.

In case of any challenges in filing the respective returns, send an email about the challenge to the official email address services@ura.go.ug or call the toll free line 0800117000/0800217000.

NB: Both Payment and Return should be made by the filing due date.

2.7 Amendment of tax returns

A taxpayer may amend a tax return upon discovery of an error on condition that the return is not under investigation and amendment is done within 3 years from the date on which the original return was lodged by the taxpayer.

3.0 ASSESSMENTS

An assessment is a tax form showing the estimated taxable income generated and the tax payable on it including any penalty.

3.1 Self-Assessment

This is a tax form prepared by the tax payer showing the taxable income generated and the tax payable on it.

Note;

- If a tax payer has submitted a self-assessment for a tax period, he is treated as having declared the amount of tax payable for the period. This is done through return filing.
- If a tax payer declares a loss for a return period, he is treated as having made an assessment of the amount of the loss for that year, being that amount in his return.

3.2 Default Assessment

This is a tax form showing the estimated taxable income generated and the tax payable on it issued by the Commissioner due to failure to furnish a self-assessment return by the required date.

The taxpayer will receive a notice in writing showing the amount of tax assessed, and any penal tax and interest payable in respect of the amount assessed, assessed period, the due date for payment and the objection criteria.

3.3 Additional Assessment

This is an amendment of an original tax assessment issued by the commissioner for any tax period to ensure that the correct tax liability is obtained.

It is issued at any time, if fraud, gross or any willful neglect has been committed by, or on behalf of the taxpayer or new information has been discovered in relation to the tax payable for a tax period.

Note:

- All self-assessment returns filed before 1st July 2016 can be amended within a three year period from the filing date while those filed after 1st July 2016 can only be amend-

ed within a twelve months period from the filing date provided the return is not under investigation.

- An additional assessment notice will show the amount of tax assessed, and any penal tax and interest payable in respect of the amount assessed, the assessed period, the due date for payment and the objection criteria.

Note that the service of a notice of an additional assessment does not change the due date for payment of the tax payable under the assessment and thus the penal tax and interest is payable based on the original due date.

4.0 OBJECTIONS AND APPEALS

4.1 Objections

The Objections and Appeals procedure is a procedure for challenging an assessment or any other matter based on discretion by the Commissioner and is provided for under; The Tax Procedures Code Act – Sections 26 & 27

- A person who is dissatisfied with a tax decision for example an assessment, may within 45 days after receiving notice of the tax decision, lodge an objection with the Commissioner.
- The objection should be in a prescribed form and state precisely the grounds upon which it is made. There should be sufficient evidence to support the objection.
- Where a taxpayer has lodged an objection to a tax assessment for a tax period, the Commissioner may consider the objection if the taxpayer;
 1. Has filed the return to which the assessment relates in the case of a default or advance assessment;
 2. Has paid the tax due under the return to which the assessment relates together with any penalty or interest due
- A taxpayer may apply in writing to the Commissioner for an extension of time to lodge an objection and the Commissioner may, if satisfied with the grounds upon which the application is made, grant an extension for such period as the Commissioner determines.
- The Commissioner may make a decision on an objection;
 1. To a tax assessment affirming, reducing, increasing or otherwise varying the assessment to which the objection relates; or
 2. To any other tax decision affirming, varying or setting aside the decision.
- The Commissioner shall within 90 days from the date of receipt of the objection, serve notice of an objection decision.
- Where an objection decision has not been served within 90 days, the person objecting may, by notice in writing to the Commissioner, elect to treat the Commissioner as having made a decision to allow the objection.
- Where a person makes an election, the person is treated as having been served with a notice of objection decision on the date the person's election was lodged with the Commissioner.

Note that the time limit for making an objection decision is waived where a review of the taxpayer's records is necessary for settlement of the objection and the taxpayer is noti-

fied.

- Where the Commissioner reviews the taxpayer records, the Commissioner shall within ninety days from the date of receipt of the objection, notify the taxpayer of the review.

4.2 Alternative Dispute Resolution

A person dissatisfied with an objection decision may within Seven (7) days after being served with a notice of the objection decision, apply to the Commissioner to resolve the dispute amicably through Alternative Dispute Resolution (ADR) mechanism without necessarily lodging an appeal to the Tax Appeals Tribunal. The ADR mechanism includes reconciliation, mediation, negotiation and settlement.

4.3 Appeals

4.3.1 Tax Appeals Tribunal (TAT)

A person dissatisfied with an objection decision may, within 30 days after being served with a notice of the objection decision, appeal to the Tax Appeals Tribunal for review of the objection decision.

Note that the 7 days of ADR are part of the 30 days period.

4.3.2 High court

A person dissatisfied with a decision of the Tribunal may, within 30 days after being served with a notice of the decision, lodge an application with the High Court for review of the decision.

4.3.3 Court of Appeal

- A person dissatisfied with a decision of the High Court, arising from appeals to the TAT, may, within 30 days after being served with a notice of the decision or within further time as the Court of Appeal may allow, lodge an application with the Court of Appeal for review of the decision. This appeal will be on questions of law only.
- The Court of appeal shall inquire and determine the appeal expeditiously and shall declare its findings not later than 60 days from the date of filing the appeal.

4.3.4 Supreme Court

- An appeal to the Supreme Court may be lodged with a certificate of the court of appeal that the matter raises questions of law of great public importance or if the Supreme Court in its overall duty to see that justice is done, considers that the appeal should be heard.
- The Supreme Court shall inquire and determine the appeal expeditiously and shall declare its findings not later than 30 days from the date of filing the appeal.

4.3.5 Burden of proof

- For any objection to a tax assessment, the burden is on the taxpayer/ applicant to prove that the assessment is incorrect.
- For any other tax decision, the burden is on the applicant to prove that the decision should not have been made or should have been made differently.

5.0 PAYMENT AND RECOVERY OF TAX

5.1 Payment of Tax

All taxpayers are required to pay their tax liabilities by the due dates of filing the respec-

tive returns to avoid accumulation of interest. Thus any tax payable is a debt to the Government of Uganda.

A taxpayer can apply in writing to the Commissioner for an extension to pay tax at a later date but this does not change the payment due date and thus interest will be charged on any outstanding liability from the date when the payment was due.

5.1.1 Procedure for paying tax;

- Taxes are paid through registering a payment online through the URA web portal or using the Ask URA App (downloadable from google store) or dialing URA's USSD code *285# and then effecting the payment either in the Bank, through Mobile Money or Payway services.
- To register a tax payment online, visit the web portal (ura.go.ug), Click on eservices, select Payment Registration under Payments.
- Select the tax head, go to details of Tax Type and select the appropriate tax head from the drop down and input the tax amount.
- Fill in the details of the Taxpayer and bank, enter the text from given image (Please note that the letters are case sensitive and there is no space between values)
- Click Accept and Register button and print out the Payment Registration Slip that appears on submission of payment details or take note of the Payment Registration Number (PRN) on the slip.
- To effect payment, take the printed payment registration slip to the bank or use the PRN on the payment slip to pay through Mobile Money, Payway or Visa/ Master Card Services.

Note:

- Any unpaid tax shall be collected by the Commissioner through serving a notice of demand on the person liable and he will be given at least 28 days from the notice date within which to pay any outstanding amount specified in the demand notice.
- If a taxpayer has an outstanding liability and pays any amount, the amount paid will be allocated in the order of Principal tax liability first, Penal tax and Interest due (PPI).
- If there is evidence that a taxpayer may leave Uganda permanently without paying tax that is due, the Commissioner may request the immigration control officer to prevent that person from leaving Uganda until a full payment of the tax is made or a financial bond is executed guaranteeing payment of the tax liability.
- Provisional tax by a company is paid in two installments on or before the last day of the sixth and twelfth months of the year of income.
- Provisional tax for an individual is payable in four installments on or before the last day of the third, sixth, ninth and twelfth months of the year of income.

Using URA's e- payment services, the taxpayer's costs of movement between his/her premises and URA or the bank are reduced and thus saving time and money. Taxpayers can also monitor the status of their payments online through the web portal or using the Ask URA App.

5.2 Recovery of tax

In case a tax payer fails to pay the tax due, the tax liability may be collected using any of the methods applicable below;

- Distress proceedings: i.e. Goods on which the assessed person has a claim may be sold in order to recover tax.

- Through Agency Notices: Whereby a person who has money or other liabilities of the assessed person is required to pay the held amount directly to URA.
- Temporary closure of business premises; i.e. the commissioner may temporarily close part or whole of the taxpayer's business premises for a period not exceeding 15 (fifteen) days.
- Charge over immovable property: i.e. the Commissioner may in form the Registrar of titles that the land or buildings in the notice are the subject of a security for unpaid tax. If the tax is not paid within twelve months, distress proceedings may commence.
- Seizure of goods; i.e. a tax officer may seize goods in case there is proof that the taxes due have not been paid in respect of the supply or import of the goods.
- Security for unpaid tax: i.e. a taxpayer may be requested to provide security by bond, deposit, or proof of the payment of tax that may become payable, if there is reason to believe that; a taxpayer establishing a business in Uganda intends to carry on the business for a limited time only; or may not pay tax when it becomes payable.

6.0 DETERMINATION OF TAX LIABILITY

The basis for determination of Income tax liability for resident persons is the gross income of the person reduced by allowable deductions and any foreign income tax paid on foreign income included in the gross income referred to as a foreign tax credit, not exceeding the Ugandan income tax payable on the foreign source income for that year. Allowable deductions are expenditures and losses incurred when deriving chargeable income.

The general rule is that for expenditure to be allowed it must have been incurred to produce the income that has been declared as gross income. Where the expenditure is only partly incurred in the production of income included in the gross income, the Income Tax Act provides for apportionment such that the deduction allowed is only to the extent to which it was so incurred.

Accordingly, the general features of deductions are:

- a. There must be an expenditure or loss
- b. The expenditure or loss must be incurred by a person during the year of income
- c. The expenditure or loss must be incurred in the production of income included in gross income.

Taxpayers who intend to claim a deduction or credit with respect to goods that have been destroyed (damaged trading stock, expired trading stock, damaged manufactured stock, expired manufactured stock) or are obsolete stock should inform the commissioner, in writing, before destroying the goods.

A taxpayer who fails to inform the Commissioner General shall not claim for deduction or credit for the destroyed goods.

The Income Tax Act lists, under sections 22 – 38, a number of expenditures and losses that are allowable deductions. For instance, Interest incurred in respect of a debt obligations, bad debts, repairs, depreciation, startup costs, meals, etc. Capital expenditure e.g. purchase of a motor vehicle is not in itself an allowable deduction but it is allowed capital deduction for its depreciation. Likewise all depreciable assets are allowed a deduction as specified in the schedule 7 of the Income tax Act.

Capital allowances are thus treated as operating expenses and deducted in arriving at chargeable income or profits chargeable to tax. Deductions allowed on capital expenditure include the following categories:

1. Depreciable assets – varies as per 7th Schedule of the Income Tax Act
2. Industrial building – 5% straight line depreciation allowance
3. Startup costs – 25% per year for four years
4. Costs of intangible assets – actual cost
5. Farm works deductions – 20% for five years
6. Deductions on mineral exploration expenditure – all capital expenditure

Capital allowances are calculated for a year of Income and are granted as a deduction when the capital asset is put to use.

7.0 PERSONS ASSESSABLE TO TAX

7.1 Taxation of Small Business Taxpayers (Presumptive Tax)

The concept of small businesses in taxation was developed to accommodate low income taxpayers who would ordinarily find it difficult to prepare formal accounts. The preparation of these accounts would usually require engagement of a professional accountant which is costly. In order to address this challenge, the Income Tax Act provides for an arrangement of taxing small businesses based on gross turnover or total sales. This is commonly referred to as presumptive tax.

7.1.1 Who is a Small Business Taxpayer?

For income tax purposes, a small business taxpayer is a resident taxpayer whose gross turnover from all businesses owned by such a person in a year is more than ten million shillings but does not exceed one hundred fifty million shillings. The term TURNOVER refers to one's total sales in a year. However, persons in the following business activities are excluded from presumptive tax:

- Medical practice
- Architectural service
- Accounting and audit practices
- Legal practice
- Any other professional services
- Dental practice
- Engineering service
- Public entertainment services
- Public utility service
- Construction service

Note: Persons outside the presumptive scheme are required by law to file provisional and final income tax returns and be assessed to tax based on chargeable income for the year.

7.1.2 Determination of sales for a Small Business Taxpayer

A taxpayer ought to keep records of his or her daily sales which is the basis for determining the tax bracket under which he or she falls.

Daily sales may be recorded as follows:

Date	Item Sold	Sales (Shs)
01/01/2014	groceries	5000
02/01/2014	"	10,000
Monthly Total		15,000

Keeping this kind of record of daily sales helps a presumptive taxpayer in ascertaining the monthly, quarterly and annual total sales on which tax payable would be based. This record will also assist the trader during inspection by URA staff to determine a correct tax payable.

7.1.3 Schedule for the computation of "presumptive" income tax for small businesses

Gross turnover per annum	With records	Without records
Not exceeding UGX 10 million	NIL	NIL
Exceeding UGX 10 million but does not exceed UGX 30 million	0.4% of annual turnover in excess of 10 million	UGX 80,000
Exceeding UGX 30 million but does not exceed UGX 50 million	UGX 80,000 plus 0.5% of annual turnover in excess of UGX 30 million	UGX 200,000
Exceeding UGX 50 million but does not exceed UGX 80 million	UGX 180,000 plus 0.6% of annual turnover in excess of UGX 50 million	UGX 400,000
Exceeding UGX 80 million but does not exceed UGX 150 million	UGX 360,000 plus 0.7% of annual turnover in excess of UGX 80 million	UGX 900,000

Illustration

Mukasa owns two businesses. One is a shop located in Mpigi and while another is a carpentry located in Wakiso. Every year, he derives 60 million from the shop in Mpigi and 65 million from the workshop in Wakiso. Mukasa is not good at keeping records but has a counter book where he records daily sales.

Question: Calculate Mukasa's tax payable every year

Solution:

Total chargeable income = Income from Mpigi + Income from Masaka
 = 60,000,000 + 65,000,000 = 125,000,000

Tax payable

= 360,000 + 0.7% of (125,000,000 – 80, 000,000)

= 360,000 + 0.7%X 45,000,000 = 360,000 + 315,000 = 675,000

Note: No deductions are allowed in respect of any expenditure or losses and the assessed tax is final for presumptive tax payers, however one has an option of filing returns

7.1.4 Key features of the presumptive tax regime

- The tax is computed on the basis of a GROSS TURNOVER; and is a final tax.
- No deductions are allowed in respect of any expenditure or losses.
- No tax credit is allowed to be offset against the final tax except in the following cases:
 1. A tax credit arising out of withholding on receipt included in the gross turnover of the taxpayer

2. Any provisional tax paid against the taxpayer's gross turnover during the year of Income

Note: No deductions are allowed in respect of any expenditure or losses and the assessed tax is final for presumptive tax payers, however one has an option of filing returns

7.1.5 Election (Option) not to be under Presumptive Tax

A taxpayer who would ordinarily fall under the presumptive tax regime may opt out by notifying the Commissioner in writing to be assessed on chargeable income. The chargeable income method involves the preparation of financial statements by the taxpayer. Such a taxpayer is required to submit the election notice together with their Annual Income Tax Return for that year by the due date of filing such return of income.

7.2 Individual Income Tax

This is imposed on income from business, employment and/or property. For a resident person, income tax is charged on gross income from all over the world where as for a non-resident person, it is only charged on income derived from sources in Uganda.

Taxpayers, whose turnover is above sh150m, must file annual Income Tax returns such that the tax is computed on their net profits as illustrated below:

Rates for resident individuals

Chargeable income	Rate of tax
Not exceeding Shs. 4,020,000	10%
Exceeding Shs. 4,020,000 but not exceeding Shs. 4,920,000	Shs. 402,000 plus 20% of the amount by which chargeable income exceeds Shs. 4,020,000
Exceeding Shs. 4,920,000	(a) Shs. 582,000 plus 30% of the amount by which chargeable income exceeds Shs. 4,920,000 (b) Where the chargeable income of an individual exceeds Shs. 120,000,000. An additional 10% charged on the amount by which chargeable income exceeds 120,000,000

Note: The basis for determination of Income tax liability for traders is the gross income generated reduced by allowable deductions and any income tax paid or withheld at source on the gross Income for that year.

Illustration

Mr Mbayo received 135m from the supply of his products to Kira Investments in Mpigi during 2020/2021 of which 8.1m (6% on 135M) was withheld by Kira Investments.

From the beginning of the year, he incurred the following costs.

i.	Production costs	22M
ii.	Direct costs (e.g. Transportation of products)	5M
iii.	Administration costs (including Annual salary for 2 employees)	24M
	Annual rent for store	8M
	Fuel expenses	14M
i.	Annual staff party	9M

Calculate his Income Tax Liability for 2020/2021.

Solution:

Gross Income from sales	135M
Less	

Production costs	22M
Direct costs	5M
Gross Profit	108 M
Less Allowable deductions	
Annual salary for 2 employees	24M
Annual rent for store	8M
Fuel expenses	1.4M
Chargeable Income	62M

Income Tax Liability

Since his chargeable income falls in the fourth category, then

Tax Liability = $(62,000,000 - 4,920,000) \times 30\% + 300,000$	17.424M
Less withholding Tax at source	8.1M
Net tax liability (Income Tax – Withholding tax)	324M

Note that the expense incurred for the annual staff party (9m) does not account for the allowable expenses in the generation of his gross income.

7.3 Corporation Tax

A company is defined as a body of persons corporate or unincorporated, whether created or recognised under the law in force in Uganda or elsewhere and includes a unit trust, but does not include any other trust or partnership. Accordingly, limited liability companies, companies limited by guarantees, associations and Non-Government Organisations among others are taxed under the company taxation regime.

Based on the above definition, even non-resident companies are assessable (subject) to tax in Uganda on their income that is derived from Uganda while resident companies are subject to tax on their worldwide income. Income tax paid by companies is referred to as corporation tax.

Income tax on companies is imposed under the Income Tax Act on every person who has chargeable income for any year of income. The current rate of tax applicable to companies is 30% charged on the profits from business (Chargeable Income). The chargeable income for both resident and non-resident companies is taxed at this rate.

7.3.1 Determination of the Tax liability for companies (Non- individuals)

Sale of goods (clothes, shoes, Poultry, Timber, beans)	200,000,000	
Add Other income		
(eg subletting of space for rent)	39,000,000	
Total revenue from trading		239,000,000
Less: Costs of goods sold		
Purchases	15,000,000	
Direct labor- (sales girl, planting, weeding, feeds)	14,000,000	
Cost of direct overheads (direct power, water, etc.)	5,000,000	
Total Production Costs		34,000,000
Other costs:		
Less Administrative costs		
(Worker salaries, office power, Water, rent, etc.)	16,000,000	

Total costs	50,000,000
Net Profit/Loss(Chargeable Income)	189,000,000
Tax at 30%	56,700,000

7.4 Pay As You Earn (PAYE)

This is a tax levied on the Gross salary on employees (earning income above 235,000) by employers and then remitted to URA on behalf of the employees. If you have employees who earn a monthly income above Shs. 235,000/=, you are required to withhold and remit monthly PAYE by the 15th of the month following one in which tax is withheld as per the PAYE rates below.

7.4.1 Rate of tax for resident individuals

Monthly emoluments	Tax Rate (Bracket)
Not exceeding Shs 235,000	Nil
Exceeding Shs 235,000 but not exceeding Shs 335,000	10% of the amount by which chargeable income exceeds Shs 235,000.
Exceeding Shs 335,000 but not exceeding Shs 410,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds Shs 335,000
Exceeding Shs 410,000	(a) Shs.25,000 plus 30% of the amount by which chargeable income exceeds Shs.410,000 (b) Where the chargeable income of an individual exceeds Shs. 10,000,000 an additional 10% charged on the amount by which chargeable income exceeds Shs. 10,000,000.

7.4.2 Rate of tax for non-resident individuals

Monthly emoluments	Tax Rate (Bracket)
Not exceeding Shs. 335,000	10%
Exceeding Shs. 335,000 but not exceeding Ushs. 410,000	Shs. 33,500 plus 20% of the amount by which chargeable income exceeds Ushs. 335,000
Exceeding Shs. 410,000	a) Shs. 48,500 plus 30% of the amount by which chargeable income exceeds Shs. 410,000 b) Where the chargeable income of an individual exceeds Shs. 10,000,000 an additional 10% charged on the amount by which chargeable income exceeds 10,000,000

Illustration

Acul Ocolo is employed as a security guard in Karacen (U) Ltd. He earns a monthly salary of Shs. 225,000.

Required: Is Karacen (U) Ltd obliged to deduct PAYE tax from Acul Ocolo?

Solution: No, because Acul Ocolo's monthly salary is less than the threshold so his salary does not attract PAYE.

Illustration

Alech earns a monthly consolidated which includes a monthly salary of 200,000, transport allowance of Shs. 75,000 and medical allowance of Shs. 95,000, the amount of Pay as You Earn to be deducted is calculated as below:

Gross Employment Income:

Salary 200,000
Transport allowance 75,000

Medical allowance	95,000
Total	370,000

His gross employment income lies in category three and thus we shall use the rates in the third bracket, i.e.

Exceeding Shs. 335, 000 but less than 410,000 ($10000 + 20\%$ of the amount by which chargeable income exceeds Shs. 335, 000)

Chargeable income = Shs. $(370,000 - 335,000) = 35,000$

PAYE to be deducted = Shs. $10,000 + 20\% \times 35,000 = 17,000$

7.4.3 Employer's Obligation

Withhold tax from employment income: to deduct the correct tax from the employee's total employment income at the time of effecting payment to every liable employee

Payment: to pay to URA the total tax by the 15th day of the month immediately following the month in which employment Income was paid

Accountability: to account for the tax deducted from every employee on a monthly basis to Uganda Revenue Authority. Maintenance of Employees' Records: to maintain records and keep them for inspection by URA on demand for at least five years

7.4.4 Employee's Obligation

Employees deriving income from more than one source are required to complete an end of year return to declare:

- Total income from all sources, including business income
- Total taxes paid at source such as PAYE and withholding tax or provisional tax. This excludes presumptive tax and rental tax paid by such employee
- Tax payable

7.4.5 Employee's Rights

An employee:

- Is not required to furnish a PAYE return if tax is fully deducted and paid at source
- Is entitled to claim refund of over-paid tax where applicable
- Is entitled to accountability for all taxes deducted and paid at source by the employer.

7.4.6 What happens if tax is not paid?

An employer who fails to withhold and pay the tax as required by law is personally liable to pay the tax together with any penal tax and interest thereon. He may however recover it from the employee.

7.5 Withholding Tax (WHT) System

The Income Tax Act Cap 340 specifies the persons who are required to withhold tax as well as those upon whom the tax should be imposed, depending on the nature of the transaction. This tax is deducted at source by a withholding agent upon making payment to another person.

A withholding agent is the person making payment and obliged to withhold tax; and the recipient of the payment is the payee.

Withholding tax modules include;

- **Employment income:** Tax is deducted by the employer from the employment income of every liable employee on a monthly basis under the PAYE system.
- **Payments for professional fees:** A resident person who pays management or professional fees to a resident professional is required to withhold tax at 6% of the gross amount of payment. Excluded from this provision are professionals whom the Commissioner is satisfied have regularly complied with the obligations imposed by the Income Tax Act, and those professionals ordinarily engaged as payroll employees.
- **Withholding tax on payments to foreign entertainers and sports persons:** Tax is charged at a rate of 15% on payments to nonresident entertainers, sports persons or theatrical, musical or other group of nonresident entertainers or sports persons who derive income from any performance in Uganda. The obligation to withhold the tax is placed with the person making the payment e.g. promoter, agent, or such similar person.
- **Withholding tax on interest:** A resident person who pays interest to another resident person is required to withhold tax at 15% of the gross amount of the interest paid. Withholding tax is, however, not applicable where interest is paid by a natural person (individual), paid to a financial institution, paid by a company to an associated company or exempt from tax in the hands of the recipient. Where tax is withheld on payment of interest by a financial institution to an individual, the tax withheld is a final tax on the income.
- **Payments to non-resident contractors or professionals:** Tax is imposed on every non-resident person deriving income under a Ugandan source service contract. The tax is charged at 15% of the gross amount of payment and the person making the payment should withhold the relevant tax before effecting the payment.

Note: A Ugandan source service contract is a contract under which the principle purpose is the performance of services which gives rise to income sourced in Uganda, and any goods supplied under the contract are only incidental to the purpose. A Ugandan-sourced service contract excludes an employment contract.

- **Payments on dividends:** A resident company which pays a dividend to a resident shareholder is required to withhold tax at 15% of the gross amount of the dividend paid, except where the dividend income is exempt from tax in the hands of the shareholder. However, where the dividend is paid by a company listed on the stock exchange to a resident shareholder, the rate is 10% on the gross amount.
- **Payment for goods and services:** Any payment by the Government of Uganda, Government Institution, Local Authority, a company controlled by the Government or any person designated in a notice issued by the Minister of amounts in total exceeding Shs. 1,000,000 to any person in Uganda for the supply of goods, materials of any kind or services, is required to withhold 6% of the gross amount. The threshold of Shs. 1,000,000 is in respect of the total contract value, implying that separate supplies which constitute one contract are subject to the 6% withholding tax regardless of the fact that the amount paid per a single supply or transaction is less than the threshold value.
- **International payments:** Tax is imposed on every non-resident person who derives any dividend, interest, royalty, natural resource payment, rent or management charge from sources in Uganda. The tax is withheld by the payer at the rate of 15% on the gross amount before payment.
- **Payment on imports:** Every person who imports goods into Uganda is liable to pay withholding tax at 6% based on Customs Value in Uganda, at the time of importation.

This provision, however, does not apply to a supplier or importer who is exempted from withholding tax.

- **Withholding tax on commissions to insurance agents:** A person paying commission to an insurance agent or advertising agent shall withhold tax at a rate of 10%.
- **Payments for winnings of betting:** A person who makes payment for winnings of betting or gaming shall withhold tax on the gross amount of the payment at a rate of 15%.
- **Commission paid to telecom service providers on airtime distribution and mobile money:** A telecommunication service provider who makes a payment of commission for airtime distribution or provision of mobile money services shall withhold on the gross amount of the payment at a rate of 10%.
- **Commission paid to payment service providers:** A person who pays a commission to a payment service provider (including a banking agent or any other agent offering financial services) shall deduct 10% WHT from the gross commission paid.

7.5.1 Accountability for Withholding tax

- The withholding agent is required by the Income Tax Act to pay to URA the tax withheld (or that should have been withheld), within 15 days after the end of the month in which the payment was made. In the case of a person about to leave Uganda, the tax should be withheld and paid before the payee leaves.
- The agent is further required to maintain and avail for inspection by URA, records of all payments to the payee(s) and the corresponding tax withheld for five years after the end of the year of income to which such records relate. Except where it is a final tax, tax withheld is a credit against the tax assessed on the payee for the year of income in which the payment is made.
- Upon withholding the tax, the withholding agent is required to issue a withholding tax credit certificate to the payee; and then pay the tax to URA.

7.5.2 Failure to withhold and/or remit the Tax

A withholding agent who fails to withhold tax is personally liable to pay to URA the tax which has not been withheld and/or remitted. The agent, however, is entitled to recover the amount from the payee thereafter. URA is mandated to recover the tax from the agent as though it were tax due from such agent together with the accrued interest.

Note that the amount withheld on any payment is part of your annual Tax payment and thus reduces on your annual tax liability

Illustration

If Kato supplies agricultural products worth 100m to POKOT Supplies, he will receive a net of 94 million and the 6 million (6% of 100m) will be Withheld and remitted to URA by POKOT supplies on his behalf.

- **Payments on professional fees:** A resident person who pays management or professional fees to a resident professional is required to withhold tax at 6% of the gross amount of payment.
- **Payment on imports:** Every person who imports goods into Uganda is liable to pay withholding tax at 6% based on Customs Value in Uganda, at the time of importation. This does not apply to a supplier or importer who is exempted from tax and exempt organizations.

Note:

- The person withholding the tax is required to issue a withholding tax credit certificate

to the payee and then pay the amount withheld to URA.

- The person withholding is required to maintain and avail for inspection by URA, records of all payments to the payee(s) and the corresponding tax withheld for five years after the end of the year of income to which such records relate.
- A person who fails to withhold tax is liable to pay to URA the tax which has not been withheld and/or remitted. He is however entitled to recover the amount from the payee thereafter.
- A withholding tax agent who makes payment, is required to furnish a return of withholding tax no later than 15 days after the end of every month to which the tax relates. This is not only for PAYE but also all other Withholding taxes.

7.6 Rental Tax

This is tax levied on income earned by a person from letting out immovable property (land and buildings) in Uganda. For income tax purposes, it does not matter whether the building is let out as a residence or for commercial use. Property is let out by a landlord or landlady to another person also known as a tenant for a consideration.

A person (landlord or landlady) may take the form of an individual e.g. Robert Wamala, a corporate body e.g., RORA Properties Ltd, Government e.g. Luwero District Administration, an institution e.g. Makerere University, or a listed institution such as Deposit Protection Fund of Uganda.

Taxation of Rental Income is provided for under S. 5 of the Income Tax Act. This is rent earned by persons and is segregated and taxed separately as though it were the only source of income for the taxpayer.

The rental income of a resident person for the year of income is charged to tax at the rate of 30% of the chargeable income after deducting the allowable expenses.

The rental income of a resident person for the year of income is charged to tax at the rate of 30% of the chargeable income after deducting the allowable expenses.

7.6.1 Computation of Rental Income Tax

Note:

- In determining the tax due for individuals, the threshold for payment of tax is Shs. 2,820,000 and no deductions are allowed.
- In determining the tax due, a company's allowable expenditures and losses are capped to 50% of its annual gross rental income. Note that; the claimed expenses shall be subject to verification by Uganda Revenue Authority, therefore only expenses that have been incurred in the generation of rental income for the company can be claimed.
- Tax is charged at a flat rate of 12% for individuals and 30% for non-individuals. However for non-resident individuals, tax is charged at the rate of 15% of the gross annual rental income.

7.6.2 Individual Rental Income Tax

In computing individual rental tax for a resident individual, the following steps are considered:

Step I:

Determine the total annual gross rents from all sources of the individual;

Step II:

Deduct the threshold of Shs.2, 820,000; therefore chargeable rental income = R-2,820,000

Step III:

Determine rental income tax at 12% i.e. 12 % (R-2,820,000)

Illustration

Acul Ocolo earned annual rent of: Shs. 3,500,000 from a house in Kitintale, Shs. 900,000 from a house in Kabale and Shs. 600,000 from a house in Lyantonde. He is charged an annual interest of Shs.500,000 on a mortgage he got from the bank to build the houses. Acul Ocolo incurred Shs. 4,000,000 as expenses in generating the rental income.

Question: Determine the Rental tax payable

Solution: The rental tax is computed as follows:

Step I:

Determine the total annual gross rents from all sources of the individual Gross rental income = 3,500,000 + 900,000 + 600,000 = 5,000,000

Step II:

Deduct the threshold of Shs.2, 820,000 = 5,000,000-2,820,000

Therefore chargeable income= 2,180,000

Note: No deductions allowed

Step III:

Determine rental income tax at 12%

So, 12% X 2,180,000 = 261,600

Rental tax payable = Shs. 261,600

7.6.3: Rental tax for partnerships

Rental tax for Partnerships is assessed on individual partners according to their respective sharing rates using the following steps

Step I:

Determine the total annual gross rent of individual partners; say R;

Step II:

Deduct the threshold of Shs.2, 820,000; therefore chargeable rental income = R-2,820,000

Note: No deductions allowed

Step III:

Determine rental income tax at 12% i.e. 12 % (R-2,820,000)

Tax payable by each partner is in proportion to their partnership stake in the partnership.

For example; If Partner A and B have a stake of 3:2 in a partnership, and the rental tax payable is Shs. 500,000.

Partner A will pay $\frac{3}{5} \times 500,000 = \text{Shs. } 300,000$ while Partner B will pay $\frac{2}{5} \times 500,000 = \text{Shs. } 200,000$

7.6.4 Rental Income Tax for companies and corporations

In computing rental tax for companies/corporations, the following steps are considered:

Step I:

Determine the total annual gross rent from all sources of the company; say R;

Step II:

Deduct up to 50% of the annual gross rental income as allowable expenses;

Therefore chargeable rental income= R-50%R

Step III:

Determine rental income tax at 30% i.e. 30% (R-50%R).

Illustration

RORA Properties Ltd earns Shs. 25 million from its commercial building located in Kampala, Shs. 10 million from the apartment it lets out to MTN Jinja branch and Shs. 5 million from its building that houses a Micro Finance office in Muko- no. Out of this Shs.4, 500,000 was incurred as interest on mortgage from the bank and Shs. 18,000,000 as expenses in generating the annual rental income.

Question: Calculate the rental tax payable **Solution:**

Step I:

Determine the total annual gross rents from all sources of the company Annual Gross rents = 25,000,000 + 10,000,000 + 5,000,000 = 40,000,000

Step II:

Deduct up to 50% of the annual gross rental income as allowable expenses

Total expenses= 4,500,000+18,000,000 =22,500,000

However; Allowable expenses = 50% x 40,000,000=20,000,000

Therefore chargeable income= 40,000,000 -20,000,000= 20,000,000

Step III: Determine rental income tax at 30%

So 30% X 20,000,000 = 6,000,000

Rental tax payable=Shs.6, 000,000

7.6.5 Taxpayer's obligation

A taxpayer is required to:

- Complete a return of rental income for a year of income with supporting agreements where available or rental receipts issued to tenants(s) during the year
- Declare ALL sources of rental income in FULL for a given year of income. The normal year of income is from July to June
- Submit (furnish) the provisional and annual return to Uganda Revenue Authority, through the web portal
- For individuals, a provisional return is filed within three months from the start of the year of year of income i.e. not later than 31st September; and a final return is filed within six months after the end of the relevant year of income, i.e. not later than 31st December
- For corporates, a provisional return is filed within six months from the start of the year of year of income i.e. not later than 31st December; and a final return is filed within six months after the end of the relevant year of income, i.e. not later than 31st December
- Where a provisional return has been filed, an individual should pay quarterly the provisional rental income tax estimate while a company should pay every six months during the year of income

Entitlement to Tax Credit

The taxpayer is entitled to a tax credit in respect of any rental tax paid provisionally or in advance during the year of Income. This however can only be offset against rental tax liability since the source is taxed separately.

7.7 Value Added Tax (VAT)

It is an indirect tax on consumption charged on value added to "taxable" goods and services, at different stages in the chain of distribution. In Uganda, VAT is imposed on the

supply of goods and services (taxable supplies) made by a taxable person, other than exempt supplies; and imports other than exempt imports.

7.7.1 Definition of key terms

- **A taxable person** is one who is either registered for VAT or not yet registered but is required to be registered. All persons dealing in taxable supplies with a gross turn-over above 150 million are required to register for VAT. Such person may be an individual, partnership, company, trust, Government as well as public or local authority.
- **Output Tax** is the VAT a taxable person charges upon making taxable supplies i.e. tax charged upon selling taxable goods and services.
- **Input Tax** is the VAT a taxable person is charged on taxable purchases and expenses incurred for business purposes. The purchases may be from local sources or imported.
- **Taxable Supply** is a supply of goods and/or services other than an exempt supply, by a taxable person for a consideration as part of his or her business activities. VAT is charged on a taxable supply at either zero rate or standard rate.
- **Standard rated supply** is a taxable supply of goods or services that attracts VAT at 18%.
- **Zero-rated Supply** is a taxable supply of goods or services that attracts VAT at 0%. These supplies are specified in the Schedule 4 of the VAT Act Cap 344.
- **Exempt Supply** is a supply of goods or services that does not attract VAT i.e. neither at zero rate nor at standard rate. These supplies are specified in the Schedule 3 of the VAT Act Cap 344.
- **Taxable Value** is the total consideration or price for a particular supply. This could be in money or in kind. It is the tax base upon which the VAT rate is applied to compute VAT.
- **Consideration** is the total amount paid or payable in money or in kind or both for a supply of goods or services.

Conditions for granting Input Tax Credit

- To claim input tax, there should be documentary evidence to show
- For local purchases/expenses, there should be an original tax invoice
- For imports, there should be the customs bill of entry, URA tax receipt or other forms of evidence for proof of payment, airway bill/bill of lading and other documents prescribed under the Customs Management Act
- The purchases (Inputs) must be for business purposes
- Input VAT claims are limited to only supplies acquired for use in the related business, generating a taxable supply.

Exception: Input tax credit may be allowed where the failure to acquire a tax invoice is not the fault of the taxpayer and the amount claimed is correct. Also if the original tax invoice is lost, one can use a certified copy from the supplier.

Period for claiming input tax

The law allows a period of six (6) months from the date of issue of the invoice within which a person can apply for an input tax credit.

Issuance of e-invoices or e-receipts by all vat registered taxpayers

It is mandatory for all VAT registered taxpayers to issue e-invoices or e-receipts as no tax credit is allowed or claimable on purchases unless they are supported by e-invoices or e-receipts.

VAT Payable vs Refundable

- When output tax is greater than input tax, the taxpayer pays the difference and when output tax is less than the input tax, the taxpayer claims for a refund of the difference.

Example1: If output tax = 100,000 and input tax = 77,000 then VAT payable = 100,000 – 77,000 = 23,000

Example2: If output tax = 100,000 and input tax = 140,000 then VAT claimable = 140,000 – 100,000 = 40,000

- A VAT cash refund is applicable when the amount claimable exceeds Shs. 10 million otherwise the credit will be carried forward and used to offset the subsequent VAT liability

7.7.2 Scope of VAT

VAT is chargeable on both local and imported taxable supplies (goods or services). It is applied on three categories namely:

- Taxable supply of goods or services made by a taxable person within Uganda. The person liable to tax is the taxable person making the supply.
- Import of goods other than those classified by the VAT Act as exempt. The person liable to tax is the person making the importation.
- Imported services. The person liable is the receiver of the imported service.

Note:

- Recipients of the proceeds of the auction are treated as the suppliers of the goods that are auctioned and are required to account for VAT on such a transaction if the item auctioned is subject to VAT.
- Supplies of goods or services by employers who are taxable persons to their employees for no consideration, are treated as taxable supplies. The taxable supply shall be treated as having been made for a consideration equal to the fair market value of the supply.

7.7.3 VAT Registration

VAT registration is the process of getting eligible persons put or recorded on the VAT Register. Two key terms are normally applied in VAT registration i.e.

- VAT Threshold: This refers to the minimum level of taxable turnover above which a person is required to register for VAT. The current annual threshold is Shs.150million. However for registration purposes, this is determined on a quarterly basis currently being Shs. 37.5 million in any three consecutive calendar months
- Turnover: This is the total value of taxable sales of both goods and services.

7.7.4 Persons required/eligible to register for VAT

Registration for VAT can be done either compulsorily or voluntarily.

7.7.4.1 Compulsory Registration

There are two categories of persons that are required to compulsorily register for VAT under the VAT Act. These are:

- Persons who make taxable supplies (turnover) in excess of 37.5 million in any 3 consecutive calendar months.
- Public bodies that engage in business activities. These include Government Ministries, departments, parastatals, Town Councils and District Administrations among others. These bodies should apply for registration on the date they start dealing in business activities. The business activities include hall hire, tendering of services, markets,

street parking, toilet management services, street bill board adverts and disposal of assets, among others.

7.7.4.2 Voluntary Registration

Persons whose taxable turnover is below the VAT threshold are eligible to register if they wish to do so provided they meet the following general requirements

- The applicant must have a fixed place of abode or business.
- The applicant should be able to keep proper books of accounts.
- The applicant should be able to submit regular and reliable tax returns.
- The applicant should be a fit and a proper person in the opinion of the Commissioner

7.7.5 VAT Registration Processes

7.7.5.1 Application for Registration

Under compulsory basis

- **Historical test:** A Person who makes taxable supplies that exceed the VAT threshold is required to register for VAT. The person shall apply to register within 20 days after a period of three consecutive calendar months if in that period the person's taxable supplies exceeded a quarter of the annual threshold (currently Shs. 37.5 million). For example, if one's taxable sales in the months of July to September 2022 exceed Shs. 37.5 million, that person must apply for registration in the first 20 days of October 2022.
- **Future test:** Where a person expects to make taxable supplies of more than a quarter of the annual threshold (Shs.37.5 million) in the next three months, that person is required to apply for registration at the beginning of that period of the projected three consecutive calendar months. This is especially common with contractual jobs where one would be certain of what to earn and when. For example if at the beginning of October one projects that he/she will make taxable sales over shs.37,500,000 in the next three months (from October 2022 to December 2022), then that person is required to apply for registration on 1st October 2022.

Furthermore, in case the Commissioner General finds reasonable grounds to believe that the person is required to apply to registration but has failed to register, he/she shall register such person and registration shall take effect as he/she deems.

Compulsory registration for Public Bodies

Public Bodies should apply for registration on the date they start engaging in any business activity.

Application under Voluntary Registration

The date of application is as per the taxpayer's choice.

7.7.6 Inspection / Notification

This exercise is conducted to confirm the correctness of the information provided in the application form by the taxpayer. It is on the basis of the findings that the decision whether or not to register that person is made and the taxpayer notified accordingly.

7.7.7 Effective date of registration

In the case of compulsory registration, the effective date of registration is the first day of the month following the month in which the application was required to be made. For instance, if due date to apply for registration fell in the month of April 2022, effective date of registration would be 1st May 2022.

In the case of voluntary registration, the effective date of registration is the first day of the month following the month in which the application was made. For instance, if the application was in the month of January, 2022, effective date of registration would be 1st Feb. 2022.

7.7.8 VAT Registration entitlements

Upon being registered the person will be entitled to Input tax credit on both capital goods and trading stock at hand on the effective date of registration provided they were purchased not more than six months prior to effective date of registration except for the case of manufacturers where the period was extended to 12 months effective 1st July 2020.

7.7.9 Penalty for late registration

A person who fails to apply for registration by the due date is liable to a penalty of double the tax due from the date the person ought to have been registered to when he is registered.

7.7.10 What are the obligations after VAT registration?

- Charge and collect VAT on supplies by issuing an e-invoice.
- Maintain Proper Records.
- Avoid making reckless, false and misleading statements
- File a VAT return within 15 Days after the end of the month.
- Pay VAT due as assessed in the return within 15 days after the end of the month. Currently when the return is filed, the pay slip is automatically generated.

7.7.11 Deregistration

This is the process of removing or cancelling a registered person from the VAT register.

Conditions for deregistration

- When one ceases to make taxable supplies: This may occur when one changes the nature of business from taxable to exempt supplies or through legal re-categorisation of supplies, from taxable to exempt e.g. road construction works changed from being taxable to exempt effective 1st July 2004. It can also be through winding up of business.
- Decline in turnover: This is a two-way test involving:
 1. Taxable turnover excluding VAT in the last 3 months no longer exceeds 25% of the threshold (currently Shs. 37.5 million); and
 2. Taxable turnover excluding VAT in the last 12 months no longer exceeds 75% of the threshold (currently Shs.112.5 million).

The Commissioner General may initiate deregistration under the following circumstances:

- When the taxpayer has no fixed place of abode or business premises.
- The taxpayer has no proper accounting/ business records for the business carried on.
- The taxpayer does not submit regular and reliable tax returns.
- The taxpayer is not fit and proper in the opinion of the Commissioner General.

Note: In the case of a taxpayer registered voluntarily, deregistration can only be effected after 2 years from the date of registration.

Process of Deregistration

Application for deregistration arises in two ways:

- Upon application in writing by the taxpayer.
- On the Commissioner General initiative if (s) he is satisfied that the taxpayer was not required to apply for registration. This happens even if the taxpayer does not apply for it.

Effective date of deregistration

Cancellation of registration takes effect at the end of the period (month) in which the de-registration decision is made e.g. if the decision to deregister is on 20th March 2019, deregistration will be effective on 31st March 2019.

Obligations at date of Deregistration

Where input tax has been claimed on goods in stock, including capital goods, the deregistered person is liable to VAT on the market value of such goods still in stock.

7.7.12 Place of Supply

For a supply of goods to attract VAT, the supply must be made in Uganda. In the case of goods, the supply takes place where the goods are delivered or made available in Uganda by the supplier or where delivery or making available involves transportation, the goods are in Uganda when transportation commences. A supply of services takes place in Uganda if the business of the supplier is in Uganda.

However, 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;

- a) not a taxable person;
- b) does not make supplies exceeding the annual VAT registration threshold of UGX 150 million; or
- c) a government entity that is not registered for VAT; and
- The supply of services is physically performed in Uganda.
- The supply of services is in connection with movable property.
- The supply of services are radio, television broadcasting services received at an address in Uganda
- The services are electronic services in Uganda
- The supply is a transfer, assignment or grant of a right to use a copyright, patent, trademark right in Uganda.
- The services are the supply of telecommunication Services initiated by a person in Uganda but not a supplier of telecommunication services for a person roaming temporarily in Uganda.

Electronic services mean services supplied through an online or digital network by a supplier from a place of business outside Uganda to a recipient in Uganda and include the following:

1. Websites, web-hosting or remote maintenance of programs and equipment;
2. Software and the updating of software;
3. Images, text and information;
4. Access to databases;
5. Music, films and games; including games of chance;
6. Political, cultural, artistic, sporting, scientific and other –broadcasts and events; including television;

7. Advertising platforms
8. Streaming platforms and subscription-based services
9. Cab-hailing services
10. Cloud storage
11. Data warehousing

7.7.13 Time of Supply

This refers to the date on which a supply is deemed to have taken place. The purpose of time of supply is to guide in determining the tax point. Tax point determines the VAT period in which output tax should be accounted for and credit for input tax be taken into consideration. There are different provisions for the different circumstances as detailed below.

SN	Nature of supply	Time of supply
1	Goods/Services for own use	Date on which goods or use services are first applied to own use
2	Supplies by way of gifts	Goods: Date when ownership passes to the recipient Services: Date when the performance of services is completed.
3	In case of rental agreements or periodic payments	The earlier of the following Date when payment is due Date of receipt of payment for each successive payment
4	Supply under cash basis	Date when one received cash to account for output or date when one pays cash to account for input tax credit
5	Ordinary (usual) supply	The earlier of the following: Invoice date. Payment date. Delivery date.
6	Import of goods.	For goods where import duty is payable, time of supply is the date when the duty is payable. Where duty is not applicable, time of supply is the date when goods enter into the country.

7.7.14 Mixed Supplies

Under the VAT regime, supplies are categorized as either goods or services. There are times when a supply of a good involves a supply of a service; or vice versa. This type of supply where one is incidental to the other is referred to as a mixed supply.

7.7.15 Computation of VAT

Computation of VAT occurs at two levels:

VAT on a transaction i.e. a sale or a purchase

VAT payable or claimable by the taxpayer other way put is VAT collectable or refundable by URA

Key terms in VAT Computations

Tax rate: This is the percentage that is applied to the consideration for a transaction or taxable value, so as to determine the VAT amount.

For example: if the consideration or taxable value is Shs. 20, 000 and the VAT rate is 18% (18/100), then $VAT = 20,000 \times 18/100 = \text{Shs. } 3,600$

Tax Fraction: This refers to the ratio used to determine the amount of VAT where the consideration is inclusive of VAT. The fraction is given by the formula:

$\frac{r}{r + 100}$ where r is the VAT rate.

If the rate of tax (r) = 18% then the tax fraction = $18 / (18 + 100) = 18 / 118$.

For example if the consideration (VAT inclusive) is Shs. 20,000, then VAT = $20,000 \times 18 / 118$ = Shs. 3051.

7.7.16 Apportionment of Input Tax Credit

For a taxable person that deals in both taxable and nontaxable supplies, input tax credit is apportioned and claim only that part or percentage that relates to taxable supplies/sales using the formula:

Input tax credit = $A \times B / C$

Where:

A is the total input tax in the period

B is the total taxable sales in the period.

C is total sales (both taxable + exempt).

7.7.17 Standard Alternative Method (SAM)

Another method of apportionment called SAM is used when disadvantaged by the above method. It is used when a taxable person obtains an approval from URA upon application.

Under this method, input tax credit is determined as follows:

- Claim all input tax that is directly attributable to taxable supplies.
- Disallow all input tax that is directly attributable to exempt supplies.
- Apportion all input tax that is not directly attributable to either taxable or exempt supplies using the above formula $A \times B / C$.

7.7.18 Non-Allowable Input Tax Credit

The general rule is that input tax incurred for business purposes should be allowed or credited to the taxpayer. However, the VAT Act disallows some input tax credits.

The following input tax credit is not allowed though incurred in respect to business activities.

- **Passenger automobiles:** VAT incurred on purchase or importation of passenger automobiles is not credited to the taxpayer. This includes purchase of spare parts, repairs and maintenance of Passenger automobiles.
- **Exception:** Input tax is allowed for purchase of passenger vehicles as stock for resale in a business activity and carrying on the business of tour operations.
- **Entertainment:** VAT incurred on entertainment is not allowed. Entertainment includes food, drinks, tobacco, accommodation, amusement, recreation, or any other form of hospitality.

Exception:

- This can be allowed if the taxpayer is in the business of providing entertainment itself.
- It can also be allowed if supplies were meals or refreshments to the taxpayer's employees in premises operated by the taxpayer or on behalf of the taxpayer solely for the benefit of the taxpayer's employees.
- Input VAT incurred on payment for entertainment made by a taxable person for membership of a person of a club, association, or society of a sporting, social, or recre-

ational nature on membership in a club, association or society of a sporting, social or recreational nature will not be claimable.

- **Telephone services:** Ten per cent (10%) of input tax on telephone services is not allowed.

Exception: If at the hotel a client was charged output VAT for using the telephone, the corresponding input tax charged to the hotel owner is allowed.

- Non-residents who do not have a place of business in Uganda providing services to non-taxable persons in Uganda will not be entitled to claim input VAT credits

7.7.19 Tax Invoice

It is mandatory for all VAT registered taxpayers to use EFRIS to issue e-invoices or e-receipts for all business transactions.

No tax credit is allowed or claimable on purchases unless they are supported by e-invoices or e-receipts

The Electronic Fiscal Receipting and Invoicing Solution (EFRIS) is a new smart business solution used to record business transactions and share the information with URA in real time.

An e-invoice or e-receipt is an electronic document that is required to be issued by a VAT registered person upon making a taxable supply. It shows that a sale has occurred through EFRIS. An e-invoice or e-receipt shows the seller's details, URA information, Buyer's details, Good and services details, Tax details and Summary sections.

Illustration

Nyero cotton farmers sold 10 tons of cotton to Brad ginnery at shs. 7,000,000. Brad a cotton ginnery sold 10 tons of lint cotton to Nyanza textiles at Shs.10, 000,000. Nyanza textiles produced bed sheets out of the cotton and sold them to Kiyembe Ltd (a retailer) at Shs.17,500,000. Kiyembe Ltd sold all the bed sheets to various customers and total sales were Shs. 22,500,000. All figures are exclusive of VAT and VAT rate applicable is 18%. Determine the total VAT payable through the process.

Illustration

Stage / dealer	Cost Price (C.P)	Selling Price (S.P)	Input Tax IT (18% * C.P)	Output Tax OT (18% * S.P)	URA Account (OT - IT)
Nyero farm		7,000,000		-	-
Brad ginnery	7,000,000	10,000,000	-	1,800,000	1,800,000
Nyanza textiles	10,000,000	17,500,000	1,800,000	3,150,000	1,350,000
Kiyembe Ltd	17,500,000	22,500,000	3,150,000	4,050,000	900,000
Final Consumer	22,500,000	-	4,050,000	-	-
TOTAL VAT TO URA					4,050,000

Note that Nyero cotton Farmers do not have any VAT to remit to URA since they sell raw cotton (unprocessed) to the ginnery, however the VAT component starts at the ginnery when the seeds are being removed from the cotton (Lint cotton) up to the Kiyembe limited selling to the final consumers. The total VAT is remitted to URA by the players in the value chain.

8.0 INCOME TAX CLEARANCE CERTIFICATE (TCC)

A Tax Clearance Certificate – TCC is a document issued by the Commissioner on request by the taxpayer, certifying that the taxpayer is compliant with his tax obligations. It is only given to taxpayers who have consistently been compliant with their tax obligations.

A TCC is normally required by:

- A taxpayer providing passenger transport services; or a freight transport service where the goods vehicle used has a load capacity of at least 2 tons.
- All tax payers in this category must have paid their advance Income tax in accordance with the laws in order to obtain a tax clearance such that they can renew their Operator's licences. Advance Income tax is paid using the schedule: i.e. A tax of Ugx. 50,000 per ton for goods vehicles with a loading capacity of at least 2 tons and a tax of Ugx 20,000 per passenger per year for passenger service vehicles (PSVs) or Public Omnibuses (PMOs). This tax when paid shall be the final tax for this category in that year of income.
- A taxpayer supplying goods or services to the Government.
- A tax payer providing warehousing or clearing and forwarding services.
- Any person transferring funds abroad above shs 50 million.

Note that any person who requires a tax clearance certificate shall apply to the Commissioner for the certificate as proof of tax compliance.

9.0 TAX STAMPS

A person dealing in goods, whether locally manufactured or imported is required to attach a tax stamp on goods manufactured or imported. The Minister prescribes, by statutory instrument, the locally manufactured or imported goods on which tax stamps shall be affixed.

The commissioner of URA recommends the manner in which a tax stamp is to be affixed to goods.

Penal tax relating to tax stamps

- A taxpayer who fails to affix a tax stamp on goods prescribed above is liable to pay a penal tax equivalent to double the tax due on goods or fifty million shillings, whichever is higher.
- A person who prints over or defaces a tax stamp affixed on goods prescribed above is liable to pay a penal tax equivalent to double the tax due on the goods or twenty million shillings, whichever is higher.
- A person found in possession of goods prescribed above on which a tax stamp is not affixed, is liable to pay a penal tax equivalent to double the tax due on the goods or fifty million shillings, whichever is higher.
- A person who attempts to acquire or who acquires or sells a tax stamp without the authority of the Commissioner commits an offence and on conviction, is liable on conviction to a penalty equivalent to double the tax due on the goods or ten million shillings, whichever is higher.

10.0 NON-TAX REVENUE (NTR)

This refers to duties, fees, and levies that are charged by Government for the provision of specific services and penalties for specified offences. Non-Tax Revenues (NTR) are imposed by specific Acts of Parliament and administered by government Ministries, Departments and Agencies (MDAs).

The NTR directly administered by URA includes stamp duty and motor vehicle transaction fees these include: registration fees, change of ownership fees, duplicate fees, alteration fees, re-registration fees, OTV fees, cancellation and endorsement fees, search and certification.

However, URA collects Other Non-Tax revenue (ONTR) on behalf of government ministries, departments and agencies (MDAs). The most common examples include:

- Passport fees
- Work permit fees
- Court fees and fines
- Traffic Express penalties
- Land transfer fees
- Royalties
- Business and Company registration fees
- Tender fees
- Permit fees

Any person can register a payment for non-tax revenue on the URA website if he is aware of the Ministry, department and Agency to which the payment relates and the corresponding Payment fees category.

10.1 Stamp Duty

This is a duty charged on any instrument listed in schedule 2 of the Stamp Duty Act, 2014 as amended which is executed in or outside Uganda relating to a property or transaction made in Uganda.

An instrument is a document that confers any right or liability upon being created, transferred, limited, extended, extinguished or recorded.

Note: that stamp duty only applies to instruments listed in schedule 2 of the Stamp Duty Act, 2014 as amended. The rates of stamp duty payable are either fixed or ad valorem depending on the instrument.

A fixed duty rate does not vary with the value of the document while an Ad valorem rate varies with the amount or value or the consideration paid, or obligation incurred, or the value of the property affected by the document in question.

Transactions involving instruments listed in schedule 2 of the Stamp Duty Act, 2014 are not legally binding if stamp duty is not paid where applicable. The stakeholders who assist URA in drawing, executing and implementing the various instruments for stamp duty include the following;

- Banks / Financial Institutions
- Insurance Companies
- Registrar General's office

- Registrar of Titles
- Commissioners of Oaths
- Administrator General
- Hire Purchase Companies
- Bonded Ware Houses etc.

10.2 Motor Vehicle Related fees

This consists of fees charged on various motor vehicle transactions that are collectable under the Traffic and Road Safety Act Cap 361. Some of the services offered in relation to the fees paid include;

- Motor vehicle registration
- Change of Ownership of a Motor Vehicle
- Duplicate Number plate and Registration Book
- Owners Transport Vehicle (OTV)
- Dealers /Garage plate ownership
- Alterations of particulars
- De-registration of motor vehicles
- Endorsements of third-party Interests and cancelation
- Search and Certification.

10.3 Driver's Permit fees

A driving permit is a legal document that permits one to drive a motor vehicle on the Road. It is issued to an applicant who is 18 years and above and for specific classes of vehicles. The mandate of processing driving permits was solely handed over to Ministry of Works. URA's mandate is to collect the due fees that may be applicable.

Categories of Permit fees include:

- Learner/provisional permit fees
- Full driving permit fees
- Foreign Exchange permits fees.
- Renewal of driving permit fees
- Extension of driving permit class fees
- Test fees
- Duplicate Driving Permit fees

Note:

- Application for driving permit renewal should be made within 5 years from the date of issue or 2 years from the expiry date; or else the validity of the permit lapses and a new permit must be applied for.
- International Driving Permits are inadmissible for exchange. Only National driving permits issued by the respective countries' national traffic authorities are accepted.



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PART C



1.0 INTRODUCTION

Customs Department is one of the 7 Departments that form the Uganda Revenue Authority (URA) with a core mandate to facilitate international trade.

Its core functions are;

- Collect Revenue Collection for national development.
- Monitor the movement of goods into, out, and through the country
- Protect Society against harmful imports.
- Protection of domestic industries against unfair competition.
- Collection and dissemination of International trade Statistics



Figure 1: Map of Uganda Showing Customs Stations

2.0 CLEARING IMPORTS

Importation of Goods

For Customs Purposes, the clearance of goods is regulated under the East African Community Customs Management Act, 2004 (As Amended), Uganda being a member of the E.A Customs Union

Importation of goods means to bring or cause to be brought into the Partner States (East African Community) from a foreign Country.

Please note that the movement of goods from one partner state directly or indirectly

to another partner state with exception of goods in transit, goods for transshipment or goods for warehousing in a bonded warehouse, is called transfer not importation.

Goods may be brought into the country upon making a customs entry or declaration either for;

- a) Home consumption
- b) Warehousing
- c) Transshipment
- d) Transit
- e) Export processing zones/Free zones

- Goods for home use are those that are imported solely for the purpose of sale or use within Uganda.
- Transit goods are those that are intended to be consumed in another country (other than the Partner States) so they just go through the Partner States before they reach their final destination.

Goods up to the value of United states dollars Five Hundred (\$500) imported by a person/traveler who has been outside Uganda for a period in excess of twenty-four (24) hours shall be allowed a baggage allowance (tax exemption) provided the said goods are in the travelers accompanied baggage and are declared to customs.

All goods imported/brought into Uganda must be declared to customs using the services of a licensed clearing agent for that respective year. Note however that, the following goods may be brought into Uganda and be released without necessarily making an entry/declaration;

- a. Mail bags and postal articles;
- b. Goods which are bonafide personal baggage of the passenger;
- c. Human remains;
- d. Diplomatic bags;
- e. Subject to an undertaking being given by an owner to customs to furnish the necessary entry/declaration within 48hrs of the time of delivery, the loading and delivery to the owner of any bullion, currency notes, coin, or perishable goods may be permitted without any entry/declaration

Note. Any person who does not comply with the requirements as provided under e above commits an offence and shall be liable to a fine.

3.0 CUSTOMS CLEARING AGENTS

3.1 Definition

A Customs agent is a person who has been appointed by the Commissioner of Customs to transact business relating to Customs on behalf of other people.

3.2 Dealing with clearing agents and not importers

Because, it is a requirement by law under sections 146 and 147 of the East African Community Customs Management Act (EACCOMA). Clearing agents are mandated to provide professional services of tax declaration to importers and exporters.

The Uganda Revenue Authority [URA] deals with licensed clearing firms represented by

agents. However, even though you must have a clearing agent assist in this function; do not be ignorant of your tax affairs.

The URA web portal is a useful resource with free tax material. When you log on, look out for the section 'Information library' and select the appropriate tax information required. You can also find updated circulars and notifications and the exchange rates for tax purposes.

3.3 Expectations of a clearing agent

There are many expectations, including:

- Acquire an authorization letter from the owner of goods.
- Obtain import/export documents (e.g. original import documents – bill of lading, invoice or packing list or any other documents that relate to the importation or exportation of goods).
- Go to the bonded warehouse or the border stations where the goods are and process transit or import documents for final clearance.
- Provide, whenever required by customs administration, an authorization form from the firms or persons by whom he is employed to act as their customs agent;
- Represent a client in any matter related to customs;
- Advise a client against non-compliance to customs laws.
- Exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any customs operations.
- Not withhold information relating to customs operations from a client who is entitled to such information.
- Together with the importer, promptly pay government any duties, taxes or other debts and promptly account to his clients for any money received for them from government.

Please note carefully: Importers should never hand over the payment obligation for taxes exclusively to the clearing agents. Payments for taxes should always be made directly to URA through the authorized channels (banks, cheque, mobile money, URA USSD code *285#, AskURA App, demand draft, VISA, MasterCard, American Express, UnionPay, EFT, RTGS, and SWIFT, or Point of Sale).

Clearing agents are also expected to:

- Not attempt to influence the conduct of any officer of customs in any matter pending before customs by the use of threat, false accusation, duress or the offer of any special inducement or promise of advantage, or of any gift.
- Not procure or attempt to procure, directly or indirectly, information from customs records or other government sources of any kind to which access is not granted.
- Inform the customs administration of any change of address before such a change is effected.

3.4 Importance of a clearing agent

An agent, authorized by the owner to act on their behalf in writing, will be responsible for preparing and presenting the declarations to Customs. The agent may also sign any other documents on behalf of his client on request if authorized by the Customs Act. The agent will ensure that all taxes due are paid as required on the consignments he/she handles on behalf of the owner.

3.5 Finding a genuine clearing agent

Clearing agents are licensed for each calendar year and license expires on the 31st day of December each calendar year. Please look out for the license for that respective year.

Additionally, the importer should check out the licensed agents list on the URA web portal to ascertain authenticity of any agent seeking business.

The importer or client should insist on identification and also visit the office of the firm where the agent works or visit any URA Customs office and inquire before appointing the agent.

3.6 Licensing customs clearing agents

Customs agents must be licensed by the Commissioner before they can be involved in the clearance of goods through Customs. An application on Form C20 must be made and presented to the Commissioner for consideration. An application fee of US\$ 50 and an annual license fee of US\$ 400.00 is payable for the license.

The Commissioner can only license people/companies who are registered, knowledgeable about Customs clearance and have an office with equipment like computers. Licenses will not be issued or renewed if the licensee or applicant has a criminal record, is involved in dishonest activities or any other wrong doing.

The validity period of a Customs Agent license is 1 calendar year. Licenses obtained in the course of the year all expire on the 31st December of every year.

Renewal of license is not automatic. It is subject to the Commissioners approval based on considerations like: all queries have been answered and no major offenses have been committed.

3.7 Agent involvement in illicit activities

If the agent is involved in illicit activities, the owner of goods being cleared through Customs is responsible for what the authorized agent does during the period he/she is acting on his/her behalf. Both the owner and the agent will be prosecuted for any unlawful acts done by the agent acting on his/her behalf.

3.8 Obligations of the client to the agent

The client must provide the agent the relevant documents in unaltered state and equip the agent with a true and correct position to avoid misrepresentation.

3.9 Requirements and conditions for Licensing of Customs Agents

- a. Submission of duly completed application form (C.20) after payment of application fee of US\$ 50 (Fifty dollars);
- b. Must have an office with sufficient equipment with the following ASYCUDA World System End User Specifications;
- c. The physical location/address must be indicated in the application form or verification;
- d. Certificate of Incorporation, company Form 7 or Form 20, Memorandum and articles of association should be attached on the application.

Category	Specification	Requirement
PC Minimum Requirement	2 GB RAM 2 GHZ Dual Core 250+ GB Free Disk Space Adobe PDF reader installed Java 6 or higher Presence of an Anti-virus software	Evidence of ownership of computers and associated equipment such as scanners will be required.
Network Minimum requirement	128 Kbps network speed Dedicated and non-intermittent	Contract with internet service provider should be attached

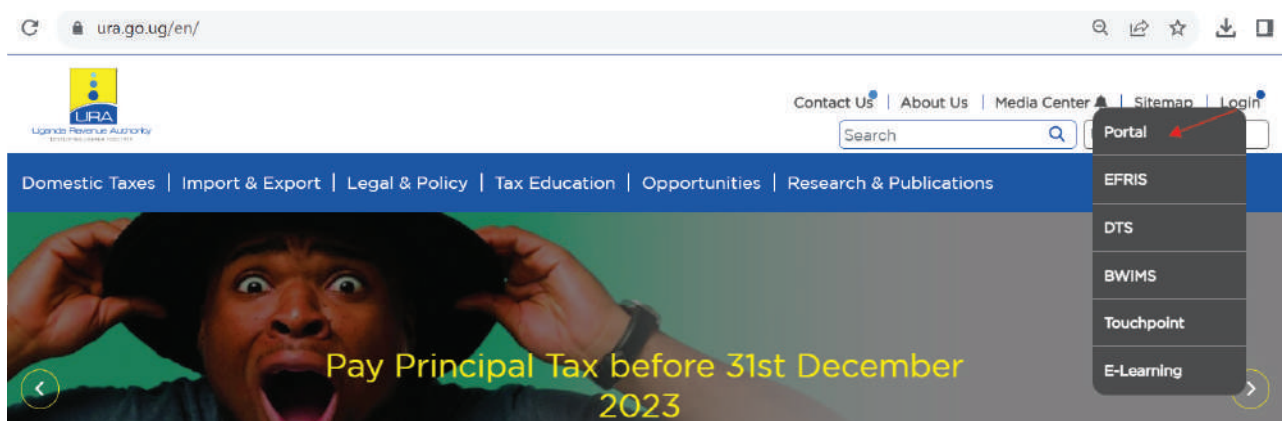
- e. The applicant must be tax compliant in all tax heads, i.e. corporation tax, VAT and income tax for the company itself, the directors, shareholders and employees; a tax clearance certificate is required;
- f. The applicant must provide a sample of the original company/firm headed letter and stamp impression;
- g. Shareholders, Directors and employees must not have an interest in more than one clearing company/firm;
- h. Particulars of the bank account/s must be indicated on the application form;
- i. Recent passport sized photographs of directors and staff duly certified by a Notary Public or a Commissioner for Oaths should be attached;
- j. A minimum of two employees in charge of clearing of goods in Customs should be in possession of a diploma or certificate in customs clearing & forwarding from a recognized institute/EACFFPC for purposes of transacting business;
- k. Evidence of their employment contract and compliance with all statutory obligations is required
- l. Proof of affiliation or membership of a RECOGNIZED clearing & forwarding association;
- m. A valid tenancy agreement with stamp duty duly paid, for suitable office accommodation valid up to 31st December 2018 or proof of ownership of office accommodation;
- n. Payment of license fee of US \$400 (four hundred dollars) on approval of application;
- o. There will be no handling of transit (inward, outward and transit through) unless after presentation of a bank guarantee and demonstration of the companies' financial capability to handle such consignments at entry/exit points;
- p. Practical and written competence assessments will be conducted for the declaration staff of the company on Customs matters; Passwords will be issued to those who successfully pass the assessments. Companies whose declarants fail the Competence assessments will not be licensed.
- q. All licensed companies shall be subjected to performance measurement (KPIs) to assess efficiency in service delivery and compliance to Customs laws on a monthly basis. Annual performance rewards shall be granted to the best performing firms and those who fall below minimum expectations will be relegated.
- r. Any Company involved in any fraudulent Act against Customs Laws and Procedures shall have its license suspended and or revoked.
- s. The Company performance score (KPIs) will form part of eligibility for licensing.
- t. The companies shall have no outstanding transactions dating as far back as 30th June 2017.

3.10 Online appointment of agents

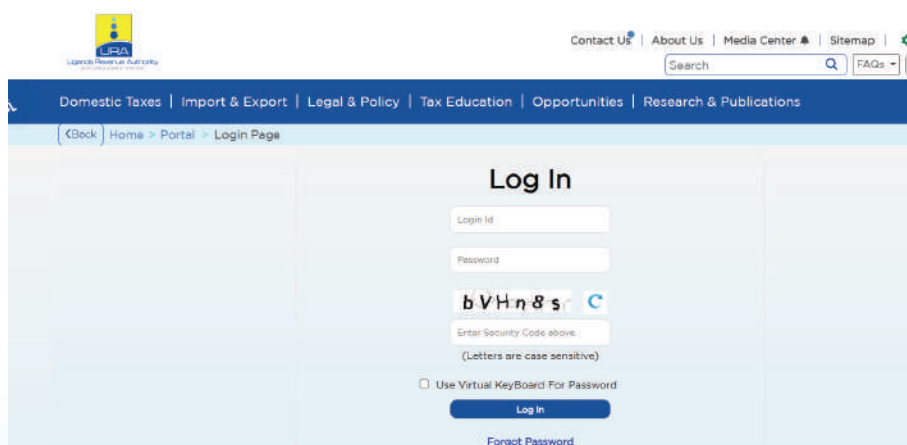
Logging in to access the portal account

- i. Enter URA link <https://www.ura.go.ug> in the Address bar to access the URA Portal.

- ii. The user shall click the Login option and select portal from the drop down menu to open the login options.



- iii. The user enters the TIN in the space labelled Login Id and password (See figure)



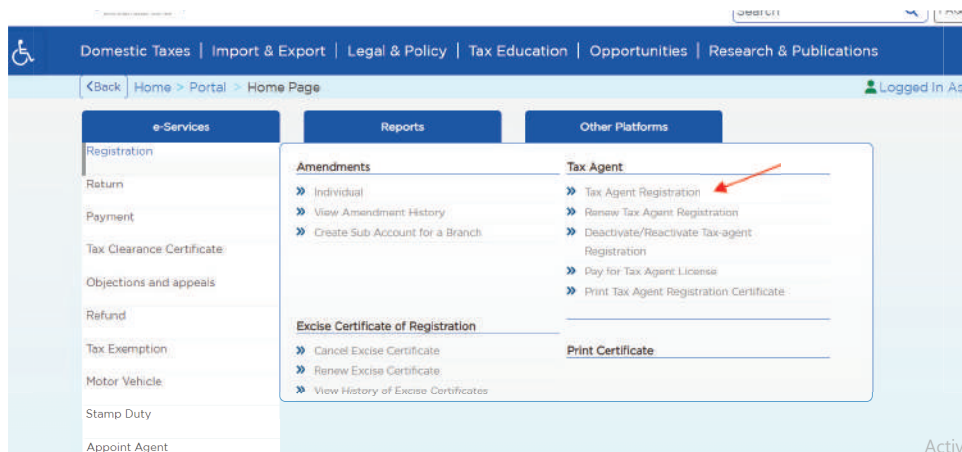
N.B: All users must have a recognized TIN that is used as an ID when logging in.

3.11 How a clearing firm registers to handle imports/exports

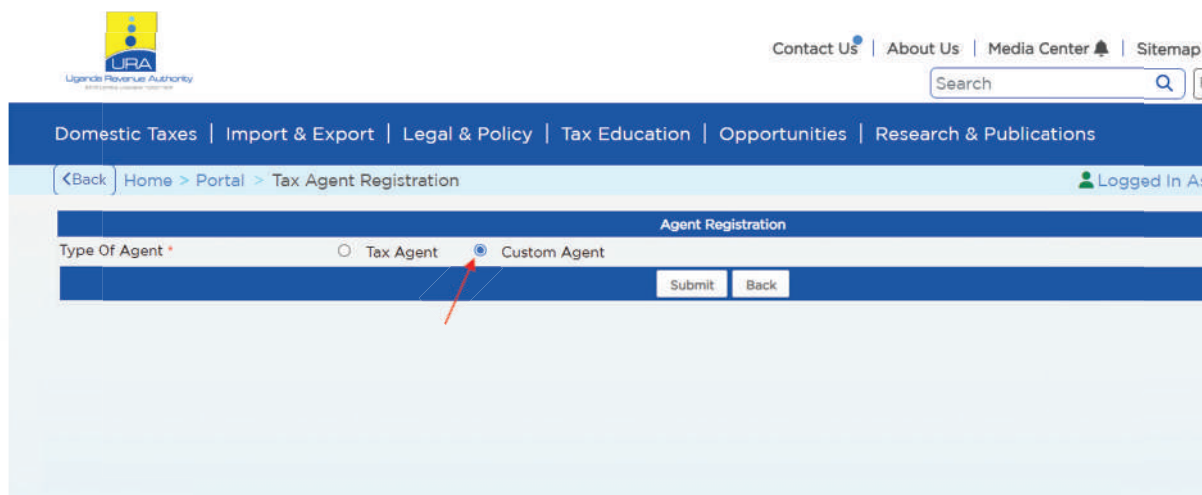
By now, the agent and all the clients have a registered account on the URA Portal where each uses the individual TIN to log in.

Below are the steps that an agent firm shall follow in order to register and be able to clear goods, be appointed and accept appointments from clients.

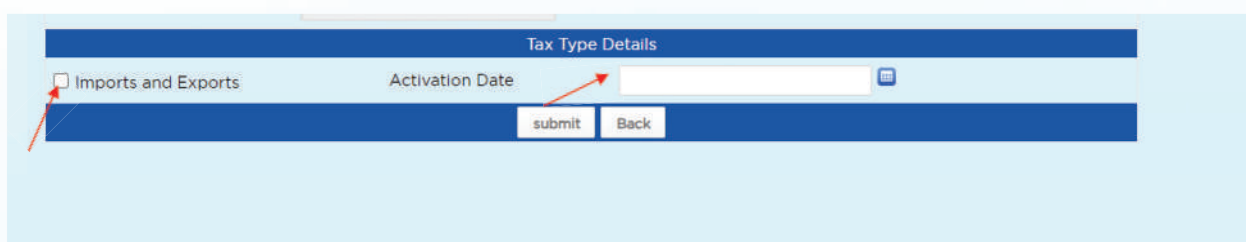
- i. The firm shall log in as in the steps earlier and will open the page as in screenshot



- ii. Under e-Services, the firm will access E-Registration and by moving the curser against E-Registration, will click Registration under Tax Agent Registration (See Figure above).
- iii. Under Agent registration, select Tax Agent and submit



- iv. Under the Tax Type Details, the firm selects/Checks the tax type, Imports and Exports and input the activation date (See Figure below)



- v. The box for entering the License number (Agents license number) will be activated.
- vi. The agent firm enters the license number in the format it is on the agent license
- vii. The license period will be automatically populated when the correct license number is entered.
- viii. If the agent firm is not registered, an error message, "you cannot register as Customs Agent as you are not registered for Import and Export Tax Type."
- ix. When the license number supplied is correct, the user clicks 'Submit' to complete the registration process.

NB. The agency firm is available for appointment ONLY after registering on the portal and therefore will not be available for appointment

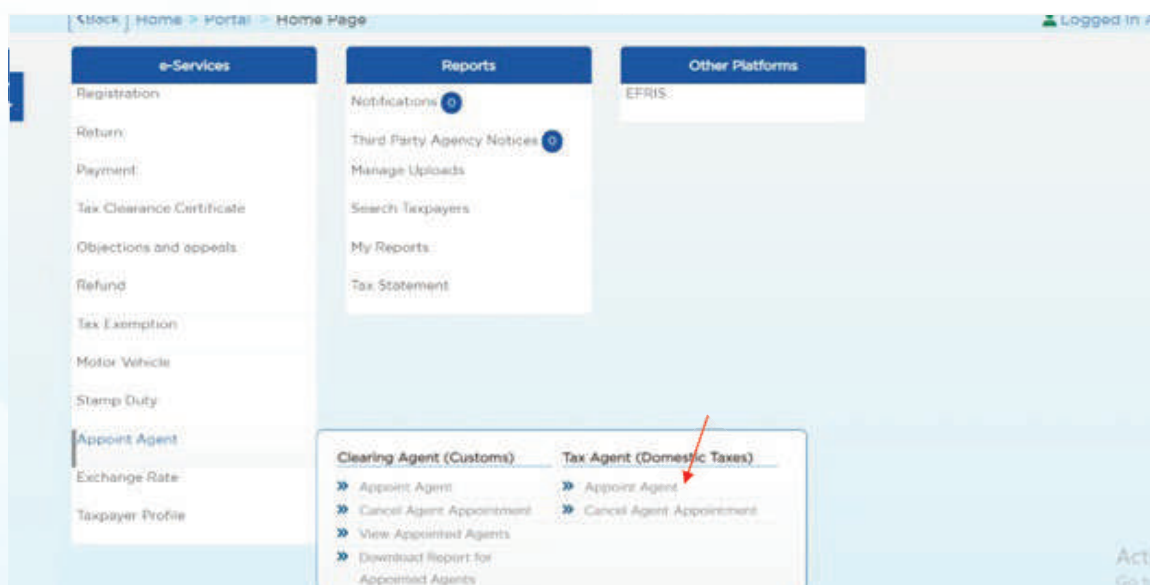
3.12 Appointment of the agent employee by the agency firm

- i. The agency firm logs into their portal account as shown above
- ii. Under e-Services, the authorized agent representative clicks the option, Appoint Employees.
- iii. The dialog box where the employer enters the employees TIN, appointment date, ID number etc. opens up.
- iv. The employer will enter the TIN of the employee, the date of appointment and all the relevant employee information
- v. Clicks 'Submit' when all the employees' particulars have been properly entered.
- vi. After submission, the employee's details will be sent to ASYCUDA World automatically. Thereafter, the user login credentials will be created in ASYCUDA World and sent to the specific employee appointed using the email provided in eTax at the time of applying for the TIN. Users will be accessing using their TIN as the login Id.

Should the employer wish to stop their employees from accessing ASYCUDA World, then they can de-activate the employee.

3.13 Appointing a clearing firm by the trader

- i. The trader logs into their URA portal account
- ii. After logging in, clicks 'Appoint Agent' under e-Services.
- iii. The trader gets options under Customs Clearing Agent including;
 - Appoint Agent
 - Deactivate Agent
 - View Appointed Customs Agents



- iv. To appoint an Agent, Consignee/Trader selects Appoint Agent
- v. A dialog box will open for the trader to enter the TIN and date of appointment of the firm being appointed

- vi. The TIN of the client appointing will be auto populated and the trader enters the TIN of the clearing Firm to appoint the agent firm in the next.
- vii. The trader will then select the first date of appointment from the calendar on the right of the 'Appointment from Date' box by clicking on the calendar icon.
- viii. Enters the closing date of the appointment in the next box (Appointment to Date)
- ix. Clicks Submit' if everything is correct.
- x. The agent will receive an email and an SMS notifying them of this appointment.
- xi. The agent will then accept or reject the appointment
- xii. The appointing firm will get a notification by mail and or SMS when the appointment is accepted or rejected.
- xiii. Once the agent accepts the appointment and the message of acceptance is received by the appointing trader, the process would have been concluded.

N.B. Like it is for employees, the trader can also de-activate the firm they do not wish to continue with.

A trader can appoint only three agent firms at a go and these shall be the only ones authorized to handle imports or exports for the trader that appointed them.

For additional support, please write to services@ura.go.ug or WhatsApp: 0772140000. Users can also compose a mail to access URA support while logged into their portal accounts to access our support.

4.0 DECLARATION OF GOODS

When goods are brought into a customs area e.g. a border entry point, customs must be informed of the person responsible to fulfill the customs obligations with regard to the goods on board. This can be the owner of the goods or a third party, including customs brokers, agents and transporters referred to as declarants.

The importer or his authorized agent (declarant) enters the goods on a Customs Single Bill of Entry or the Single Administrative Document (SAD).

The declarant must furnish a formal report to Customs within 24 hours and make the necessary declaration in respect of the imported goods to the Customs Officer.

The EAC-CMA prohibits the removal of any goods from a Customs area before they have been fully reported and entered. Goods may be entered for;

- a. Direct home use, where goods are entered and paid ready for home consumption.
- b. Transit, where goods are entered to be moved from one customs area to another and across the border into another country.
- c. Temporary importation, i.e. where goods are imported temporarily for a specific period of time and intended to be returned after use

- d. Warehousing, i.e. where an importer is not ready to clear the goods immediately, the goods must be kept in a customs bonded warehouse until such a time when they can be released.

Determination of tax payable is made in consideration of the Customs value, tax rates based on the customs tariff nomenclature (EAC- CET) and the Origin of the goods or other instruments of the law, which are provided for in the relevant schedules of the EAC-CMA (2004)

In Uganda duties and taxes are payable through self- assessment procedures where taxpayers through their appointed clearing agents make declarations in the ASYCUDA World system and proceed to make payments in designated banks.

This declaration system provides a quicker and more efficient service with less paperwork. It also provides an effective means of identifying and preventing fraud.

4.1 Selectivity of Declarations

Upon payment of taxes assessed, goods are subjected to random selectivity based on risk assessment criteria leading to either physical examination or documentary check or direct release of the goods. There are four, Yellow, and selectivity lanes that is Blue, Green Red.

Declarations whose risk category is low (Those in the Green lane) are immediately released while those selected red are automatically assigned to the verification section for physical examination.

The declarations selected yellow are considered medium risky and are for documentary check therefore are submitted to the document examination section and also automatically assigned to the documentary check officer. The blue lane transactions are considered low risky and clients compliant and these shall be submitted to the Post Clearance Audit unit for auditing (Most categories of blue lane goods are raw materials with low risk)

4.2 Physical Examination

This refers to the verification /physical counting, weighting of goods to ascertain their quantity, quality and description as per the declaration. In case of discrepancy, the goods will be subjected to offence procedures.

4.3 Document Check

Document check means the systematic analysis of all supporting documents by customs for purposes of proper valuation of imported goods. It can also refer to examination of documents for completeness, authenticity, accuracy and correctness of the information declared in relation to the Single Administrative Document (SAD)

Customs documents can be broadly categorized as follows;

- Commercial Documents
- Transport Documents
- Financial Documents
- Regulatory Documents

Type of Document	Details
Commercial	Purchase order, Proforma invoice Sales Contract Commercial invoice, Receipt, Packing list
Transport	Shipping Bill / Export Document Bill of Lading / Airway Bill Freight Invoice Freight debit note Insurance certificate Insurance Debit Note
Regulatory	Certificate of origin Permit/certificate of analysis Fumigation Certificate Phytosanitary Certificate Transit documents
The Financial	Form E Telegraphic transfer Letters of credit Bank draft / Bill of exchange Credit agreement

In summary for any imported goods, the following documents are required for making a declaration to customs:

- i. Bill of lading/airway bill;
- ii. Insurance certificate;
- iii. Pro-forma invoices;
- iv. Commercial invoices;
- v. Certificates of origin;
- vi. Permits for restricted goods;
- vii. Purchase order;
- viii. Packing list;
- ix. Sales contract;
- x. Evidence of payment;
- xi. Any other supporting documents.

4.4 Direct Release

Declarations that are deemed to fully comply with the customs laws and procedure are released without being subjected to some customs controls based on the value of goods and imports however can be subjected to post clearance Audit.

5.0 CUSTOMS VALUATION OF IMPORTED GOODS

5.1 Customs Valuation

Customs Valuation is the determination of the Customs value for taxation purposes.

5.2 Customs value

Customs value means the value of imported goods for the purposes of levying ad valorem Customs duties and taxes.

- For Goods imported using road rail and marine transport modes, Customs value is a

composed of the Price for the goods, cost of insurance and freight.

- While for goods imported using air transport, the Customs value is composed of the price for the goods and the cost of insurance. Freight is not included for goods transported by air.

The customs value is used as the basis for calculating customs duties.

5.3 Ad valorem duties

Ad valorem duties of Customs are duties levied based on the value of the goods and are usually expressed as a percentage of the value. Such duties are distinct from specific values that are based on specific measures for the goods such as numbers, weight, volume, area, capacity etc.

There can also be composite duties that are partly ad valorem and partly specific such as garments 3.5 per Kg or 35% whichever is higher. Customs tariff of Uganda levied on different kinds of goods are published in the Uganda Gazette every financial year.

5.4 Valuation of goods

There are six international methods for the valuation of imported goods stipulated in the World Trade Organization Agreement on Customs Valuation. They are applied in sequential order.

The primary method of valuation is the transaction value, which is the price actually paid or payable for the goods when sold for export to the country of importation. A number of conditions must be met to use the transaction valuation method and it can involve deductions or additions such as commissions or royalties.

When the transaction value cannot be used, one of the alternative methods will be used to determine the customs value (methods of valuation) in sequential order

- **Identical goods value method** – Transaction value of identical goods previously cleared through Customs. Identical goods mean goods that are same in all aspect except minor difference such as color, size. Must be of the same brand and country of export.
- **Similar goods value method** – Transaction value of similar goods previously cleared through Customs. Similar goods are goods that have like characteristics and are commercially interchangeable; if a customer doesn't find the exact product he/she wanted can choose an alternative e.g. Colgate and Close up. For goods to be regarded as similar, the brand must be of the same reputation e.g. LG and Samsung; and from the same country of export.
- **Deductive value method** – The basis for the Customs value is the price at which the greatest aggregate quantity of the imported goods is sold in Uganda. Post importation costs and taxes are deducted to arrive at the Customs value.

The deductible costs include:

Taxes such as VAT, Import Duty, Excise Duty

Profits and general expenses e.g. rent, labor etc.; associated to the distribution and sale of the goods as a markup.

Post importation Costs associated with the logistics and transportation of the goods to the bonded warehouse.

- **Computed value method** – this is based on the direct cost of producing the goods like raw materials, consumables, general expenses, other costs and profits relating to the production and sale of the imported goods. This method requires to get information for the country of production.
- **Fall-back value** – where no other methods are suitable, the customs value can be derived based on one of the five methods reasonably adjusted. The method is not used on its own but relies on the sequential flexible interpretation of the 1st to the 5th method until the value of the goods is determined.

Customs will determine the value by considering the above valuation methods and any other relevant information.

5.5 Composition of Customs value

The customs value will include the following;

- Cost of the goods free on board a transport vessel in the country of export.
- Freight charges up to the place of importation if the goods are transported by road, rail or Sea.
- Loading, unloading, and handling charges associated with transport of goods to the place of importation; and
- The cost of insurance.

5.6 Pre-shipment inspection

Charges for pre-shipment inspection are normally incurred by the importer or by government of the importing country. Such inspection may have been undertaken as per importing country's policy or as the requirement per donor agency financing such import or as importers own requirement. If such charges are paid for the importers benefit, then they should be added to the customs value.

5.7 Charges included in customs value

East African Community Customs Management Act (EACMA) requires that amounts for certain charges and the value of certain goods and services, if not already included in the price paid or payable for the imported goods, must be added to the price paid or payable. These charges and values can include amounts for the following:

- Commissions and brokerage
- Cost of containers
- Packing costs
- Assists (goods or services provided by the buyer to the seller free of charge or at reduced price to be used in the production of the imported goods)
- Royalties and license fees
- Subsequent proceeds (a financial advantage to the vendor resulting from resale, disposal or use of imported goods by the purchaser)
- Transportation costs and insurance costs to the place of direct shipment to the partner state.

5.8 Packing costs

The cost of packing overseas, such as labor and packages, is included in customs value of the goods. The cost of containers and pallets imported temporarily are not included in the customs value.

5.9 Currency for customs value

The customs value is in the currency as agreed in the commercial invoice. However, for purposes of paying taxes and the invoices are in the foreign currency, the Customs value is converted to Uganda Shillings using the rate of exchange duly published monthly by Uganda Revenue Authority basing the information from Bank of Uganda.

5.10 Calculation of import taxes

Step I

First determine Customs Value of the item. This is the sum of Cost, Insurance and Freight up to Mombasa port.

Step II

Change the currency to Ugandan shillings by multiplying the customs value by the prevailing exchange rate

Step III

Determine the necessary taxes

Illustration

If you imported a car worth 2,000 dollars, paid 200 dollars for insurance and 300 dollars as freight charges up to Mombasa and the exchange rate is 1 dollar = 3,600 shilling;

Step I

Customs Value = Cost + Insurance + Freight = Cost + Insurance + Freight = 2000 + 200 + 300 = 2500

Step II

Customs Value = Customs value X Exchange rate = 2500 X 3600 = 9,000,000

Step III

Determine the taxes.

Import duty = 25%, VAT = 18%, Withholding Tax = 6%

Import Duty

25% of 9,000,000 = $25/100 \times 9,000,000 = 2,250,000$

VAT

18% of (Customs Value + Import Duty)

= $18\% \times (9,000,000 + \text{Import Duty}) = 18\% \times (9,000,000 + 2,250,000)$

= $18/100 \times 11,250,000 = 2,025,000$

WHT

6% of Customs Value = $6\% \times 9,000,000 = 6/100 \times 9,000,000 = 540,000$

INFRASTRUCTURAL LEVY = 1.5% of Customs Value

= 1.5% of customs value = $1.5\% \times 9,000,000 = 135,000$

ENVIRONMENTAL LEVY

= $50\% \times 9,000,000 = 50/100 \times 9,000,000 = 4,500,000$

TOTAL TAXES = Import duty + VAT + WHT + Infrastructural Levy + Environmental Levy =

$2,250,000 + 2,025,000 + 540,000 + 135,000 + 4,500,000 = 9,450,000$

NB: Please note that there is a value guideline for used cars. This means that customs

value for a used car has already been determined. The value guideline is the basis valuing used motor vehicles and not the invoice price as guided by the EAC Ruling on the Valuation of used goods of 13th December, 2013. The motor vehicle value guideline is available on the URA web portal; <http://ura.go.ug>

5.11 Transactions not considered a sale for export

The importer must determine if his goods were imported into the country as a result of a sale. A sale requires a transfer of ownership of goods for a monetary amount (a price). Examples of situations that would not be considered a sale for export to Uganda are:

- Goods imported by intermediaries
- Free of charge shipments
- Goods supplied on loan
- Goods imported for destruction
- Goods imported by branches
- Good subject to Barter trade
- Goods imported on consignment
- Leased Goods

5.12 Valuation of replacement goods

The replacement goods may be invoiced free of charge or invoiced at the original price with an arrangement for giving credit for the original goods in either case the replacement goods are to be valued at the original price.

5.13 Treatment of rented or leased goods

Hire or leasing transactions do not constitute sales, even if the contract allows an option to purchase the goods. Therefore, in such cases the transaction value method cannot be applied and recourse has to be taken to other methods of valuation. There are case studies provided by WCO for goods on lease but these have very specific application depending on the circumstances. Please Contact URA for guidance on the valuation of goods on lease.

5.14 Record keeping

Yes, since post importation audit may take time the importer has to keep records relating to his import transactions for at least five years. (Section 235 of EAC-CMA).

5.15 Appeal against determination of the value by customs authorities

Yes, the importer has a right to appeal without penalty. The appeal may be at departmental level or to an independent tribunal also known as tax appeal tribunal (TAT)

At times, the final determination of customs value may be time consuming.

5.16 Withdrawal of goods from Customs control

The importer is allowed to withdraw his goods from customs control pending determination of customs value by providing sufficient guarantee in the form of surety, a deposit or any other instrument as required, covering the final payment of customs duties on the goods.

5.17 Legislation governing valuation

Full details relating to the valuation requirements are in the East African Customs Management Act 2004. Our valuation system is based on the world trade organization (WTO)

valuation agreement—the system used by major trading nations throughout the world.

5.18 Obligation to declare

Declaring a value – Invoices

- a. a) Section 34 of the East African Customs Community Management Act (EAC-CMA), 2004, requires the importer to:
 - Make due entry on a Customs declaration;
 - Provide information as required; and
 - Answer all questions relating to the imported goods.
- b. This would include sufficient information to enable the Customs officer to determine the actual value of the imported goods.
- c. Before a Clearing Agent declares a value, based on a transaction to which he/she is not the importer, the importer must be sure that such a transaction satisfies the criteria discussed above and be prepared to submit further supporting evidence as described, upon request by Customs officers.
- d. Any importer or agent who declares a value to Customs without necessary supporting documentation would not be exercising reasonable care and may be subject to a penalty or other enforcement compliance measures as prescribed in the EAC-CMA, 2004.
- e. An entry shall not be valid unless the true value of the goods on which duty is leviable, or which is required to be declared under the provisions of the EAC-CMA have been declared. This include all particulars of the transaction value or of any:
 - i. Commissions;
 - i. Discounts;
 - ii. Cost of containers;
 - iii. Cost of packing (material and labor);
 - iv. Assists;
 - v. Royalties;
 - vi. Subsequent proceeds;
 - vii. Freight;
 - viii. Loading, unloading and handling charges;
 - ix. Insurance).

Other information, which relates to and has bearing on the value should be declared by the exporter on his/ her Commercial Invoice and such particulars shall relate to the final amount pertaining to that transaction.

- f. The Commercial invoice presented for Customs clearance must be an exact representation of the transaction value. Full details and particulars of all factors relating to the sale which have direct or indirect influence on the transaction value must be reflected on the invoice.

6.0 PAYMENT OF CUSTOM TAXES

After a declaration is made by the clearing agent, an assessment is raised and given to the client to pay the taxes due.

6.1 Payment in Installments

Stepwise Instructions for the management of Memorandum of understanding MOUs for installment payments

- a. The process starts with the receipt of a taxpayer's requests by either Commissioner Customs Department or Commissioner General to enter an MOU with Uganda Revenue Authority to pay taxes in installments.
- b. On approval of the request, Commissioner Customs Department or Commissioner General shall forward it to Assistant Commissioner Compliance & Business Analysis (AC CBA) for implementation.
- c. On receipt of the request by AC-CBA, it shall be recorded and forwarded to Manager Compliance for processing. Supervisor arrears unit will in turn assign an officer, who will send the request to supervisor CBC to confirm taxes payable by preparing a work sheet (for those goods that are still with Customs) that is sent back to CBA.
- d. On receipt of the feedback from Supervisor document Processing Center, officer arrears shall prepare a payment schedule. The officer will draft a letter for Manager Compliance' signature in response to the taxpayer's request stating detailed terms and conditions for the payment in installments.
- e. When the tax payer accepts the terms and conditions, she/he shall be referred to Debt collection Unit (DCU) for execution of an MOU. Once she/he has entered an MOU, the officer arrears shall send a copy to supervisor systems and procedures for an m-account to be created upon which the principal tax shall be entered.
- f. An entry shall be captured by the clearing agent of the tax payer and the goods released as directed by the authorizing officer (CCD /CG).
- g. Debt Collection Unit shall liaise with taxpayer to ensure that collections are as per schedule
- h. In case of a top-up, AC- CBA shall advise supervisor DPC to amend the entry in question so as to allow payments to be effected by the taxpayer.
- i. CBA advises taxpayer to lodge entry. M-account details communicated to taxpayer
- j. Once the payments have been completed, officer arrears shall pay entries into the Customs Management Information System and inform the revenue center and supervisor DPC
- k. After all payments have been received, officer arrears shall advise supervisor Systems and Procedures to suspend the M-account.

7.0 OBJECTION AND APPEALS

7.1 Appeals to the Commissioner

A person affected directly by the decision or omission of the Commissioner or any officer on matters relating to Customs shall within 30 days of the date of decision or omission lodge an application for review of that decision or omission.

The Commissioner may extend the period of objection where there is good cause.

The Commissioner shall respond to an objection within 30 days of receiving it or else be deemed to have made a decision allowing the application.

7.2 Steps taken

- a. When a client disagrees with a decision taken by an officer, he or she shall make a written objection to the officer handling the declaration. The officer shall study the merits of the case so as to take a decision. Where the officer finds the issues raised by the client credible, the officer shall proceed to settle the case and the case is closed.
- b. Where the Officer finds issues raised by the client as insufficient, the officer shall uphold the decision by communicating in writing to the client. The client shall be advised

in the same communication to appeal to the station head. Should the client choose to appeal, the station head shall receive the appeal and study the merits of the case.

- c. Where the station head finds the issues raised by the client credible, the officer shall be advised in writing to settle the case. The client will be notified in writing of this decision. Where the Station head finds issues raised by the client as insufficient, the decision shall be upheld. A written response shall be given to the client detailing reasons why it was upheld. The client shall also be advised to appeal.
- d. Should the client choose to appeal, the Manager shall receive the appeal and study the merits of the case. Where the Manager finds the issues raised by the client credible, the officer shall be advised in writing to settle the case. The client will be notified in writing of this decision.
- e. Where the Manager finds issues raised by the client as insufficient, the decision shall be upheld. A written response shall be given to the client detailing reasons why it was upheld. The client shall also be advised to appeal.
- f. Should the client choose to appeal, the Division Head (Assistant Commissioner) shall receive the appeal and study the merits of the case. Where the Divisional Head finds the issues raised by the client credible, the officer shall be advised in writing to settle the case. The client will be notified in writing of this decision.
- g. Where the Divisional Head finds issues raised by the client as insufficient, the decision shall be upheld. A written response shall be given to the client detailing reasons why it was upheld. The client shall also be advised to appeal.
- h. Should the client choose to appeal, the Head of department (Commissioner) shall receive the appeal and study the merits of the case. Where the Head of department finds the issues raised by the client credible, the officer shall be advised in writing to settle the case. The client will be notified in writing of this decision.
- i. Where the Head of department finds issues raised by the client as insufficient, the decision shall be upheld. A written response shall be given to the client detailing reasons why it was upheld. The client shall also be advised to appeal.
- j. Should the client choose to appeal, the Commissioner General shall receive the appeal and study the merits of the case. The Commissioner General studies and considers the merits of the appeal in consultation with the CCD and CL&BA where necessary; Where the Commissioner General finds the issues raised by the client credible, the officer shall be advised in writing to settle the case. The client will be notified in writing of this decision.
- k. Where the resolution of an appeal requires consultation with other parties or organizations outside Uganda Revenue Authority, the CG may sanction for such consultation prior to making a decision; Should the client choose to appeal, the case will be handled under the litigation process.
- l. Where the Commissioner General finds issues raised by the client as insufficient, the decision shall be upheld. A written response shall be given to the client detailing reasons why it was upheld. The client shall also be advised to appeal in Court.
- m. Should the client choose to appeal, the case will be handled under the litigation process.

7.3 Appeals to the Tax Appeals Tribunal

A person dissatisfied with the decision of the Commissioner may appeal to the Tax Appeals Tribunal

A person intending to lodge an appeal against the decision of the Commissioner shall do so within 45 days after being served with the decision and shall serve a copy of the

appeal on the Commissioner.

8.0 CLEARANCE OF PASSENGERS AND BAGGAGE

8.1 Clearance of Passengers

Embarking and disembarking passenger clearance is done only at Customs gazetted areas such as airports, seaports, landing sites and points of entry at land borders.

All disembarking passengers must make a declaration to Customs through the Red or Green Channel according to the EAC-CMA.

- Green Channel means "NOTHING TO DECLARE".
- Red Channel means "SOMETHING TO DECLARE".

8.2 Passenger Baggage and Personal Effects

Baggage and personal effects imported into Uganda by passengers may be declared and due taxes paid or are exempted from taxes in the manner specified below:

(a) General

For goods to be exempted from taxes, the general condition is that the goods must be the property of and in the company of the passenger. They should be for the personal or household use of the passenger and of such kinds and quantities as the Customs Officer may allow and in accordance with the specified restrictions. Any trade goods or goods for sale or disposal to other persons accompanying a passenger are cleared in the same manner as other imported goods on which duty is payable except that the customs value shall not include air freight.

(b) Duty Free Allowances for Passengers

The following items may be imported as duty free items:

- a. Spirits (including liquors) or wine, not exceeding one litre or wine not exceeding two litres.
- b. Perfume and toilet water not exceeding in all one half litre, of which not more than a quarter may be perfume.
- c. Cigarettes, cigars, cheroots, cigarillos, tobacco and snuff not exceeding in all 250 grams in weight.

The import duty free allowance shall be granted only to passengers who have attained the age of eighteen years.

Goods up to the value of US\$2000 for each traveler, other than the goods specified above, are granted exemption when imported by the traveler in his/her accompanied baggage or upon his person and declared to a proper officer provided the person has been outside Uganda for a period exceeding 24 hours.

Cross border movements of currency and negotiable bearer instruments. Anti-Money Laundering (Amendment) Act 2017)

A person—

- a. Entering or leaving the territory of Uganda and carrying cash or bearer negotiable instruments exceeding one thousand five hundred currency points or the equivalent value in a foreign currency; or
- b. Arranging for the transfer of cash or bearer negotiable instruments exceeding one thousand five hundred currency points or the equivalent value in a foreign currency

into or out of the territory of Uganda by mail, shipping service or any other means, shall declare that amount to the Uganda Revenue Authority in the manner prescribed by the Minister by regulations.

Regulation of Tobacco Products (Tobacco Control Act 2015)

A person shall not import, distribute, manufacture, process, sell or offer for sale, or bring into the country

- a. An electronic delivery system including electronic vaporization device or cartridges with nicotine – containing liquid or other substances to be vaporized
- b. A water pipe tobacco delivery system including the water pipe device or the water pipe tobacco product or other substances to be used in the water pipe delivery system.
- c. A smokeless or flavored tobacco product.

9.0 POST PARCEL AND COURIER

9.1 Definition of a parcel

A Post Parcel or postal article includes letter, postcard, packet, parcel, or other article whatsoever, in course of transmission by post.

9.2 Clearance of Post parcels

There are a series of customs activities, processes, procedures, tasks and decisions that when taken in laid down sequence produce a desired result as indicated below;

9.3 Steps followed at Post Office

A Post parcel or postal article includes letter, postcard packet, parcel or other article whatsoever, in course of transmission by post.

- a. The owner (client) produces the call note to post office staff at the post office Building.
- b. The parcel is retrieved and presented to customs by Post office staff.
- c. The parcel is then opened and the contents verified by the customs officer in the presence of the owner of the Parcel.
- d. If the value of the goods in the Parcel is USD 50 above then Customs Officer at the Post Parcel office Captures an assessment notice (PP4) for the cargo in the parcel and issues an assessment of the taxes to the recipient.
- e. Assessed taxes are paid to URA authorized Bank (The clients are given 21 days within which to pay the taxes. If one fails to pay within stipulated time, the parcel may be transferred to customs warehouses in Nakawa where they may be auctioned to recover taxes.
- f. A receipt is issued to the client by the respective Bank
- g. The client presents the receipt to Customs office at Posta for release of the parcel.
- h. The officer confirms payment releases the goods to the client

How the parcels postal article destined to the country side (Up country) are cleared out of customs controls.

Under circumstances where it is not possible to have clients available for verification, parcels are verified at Kampala Main Post office by customs staff in presence of Post Uganda staff.

Where the Value of the goods is USD 50 and above, then the customs officer at Post Office Kampala assesses the taxes payable and attaches the assessment on the Parcel

Goods are handled over to Post Uganda for dispatch.

Assessed Taxes are paid directly to the Bank instead of paying the taxes to Posta Uganda, this is done in the major towns like Jinja, Entebbe, Mbarara, Kabale, Mbale (among others)

Any goods that are not collected are returned to Kampala Post Office and reconciled. A general list is made including unclaimed parcels from the Kampala Main Post Office and parcels transferred to Customs warehouses for public auction.

9.3.1 Post parcels exported for repair

- a) Upon return, a re-importation certificate will be required and VAT will be charged on repair costs. Where a new part is replaced all taxes will be applicable.
- b) For items where repair was done under warranty, a warranty certificate will be required and if valid, no taxes will be collected.

9.3.2 Post parcels destined for the countryside

- a. For upcountry parcels, you will be given an assessment for payment of taxes after which you can pick your parcel from a designated upcountry office.
- b. Items destined to the countryside are handled by Post office only. They are verified at Kampala Main Post Office by Customs staff in the presence of Posta Uganda staff in case you are not available to ascertain details of contents.
- c. Any goods that are not collected are returned to Kampala Post Office and reconciled.

9.4 Steps followed at DHL

- a. Cargo is transferred from airport to the head office under customs seal.
- b. Goods are accompanied by a copy of manifest with the details of the parcel in the truck.
- c. Seal is broken by customs, goods are sorted using a hand held scanner that is preset to capture all goods above USD 50.
- d. For goods with value of USD 50 and above, a tally sheet is populated and for goods of value USD 49, are handed over for delivery.
- e. Customs however has the mandate to verify the low values and confirm that they are indeed low values or under declared. If under declared, goods will be added onto the tally sheet of the goods to pay taxes.
- f. A client is given 21 days within which to pay for the Shipment and upon payment of taxes, goods are released. If a client fails to pay taxes, goods are put on Want of Entry
- g. For goods above USD 50, an IM4 is captured by the clearing agent for clients who have TINs, while for clients without TIN, customs captures PP4, after verification of the goods.
- h. All tax payments are made directly in the bank.
- i. Once payment of taxes is made, goods are then released and handed over to DHL for delivery.

9.5 Prohibitions or restrictions on goods transmission by post

- All Prohibited goods are seized and retained according to Section 210 (a) of the East African Community Customs Management Act. E.g. Drugs, narcotics, pornographic items.
- All Restricted goods are held until the relevant authorities accord conditions regulating their importation. E.g. NDA authorizes importation of all human drugs in the country.

9.6 Valuation of post parcels

- The owner of goods is required to present the true invoice value of goods being exported or imported on customs declaration forms provided.
- The value and classification of the goods inside the parcel determine the taxes payable.
- In the absence of the declarations, the value shall be determined in accordance with the 4th schedule of the East African Community Customs Management Act to determine values of goods as alternative valuation methods are used (under GATT valuation methods)

N.B Some clients intentionally under declare the values since they know that the threshold is USD 50 the client needs to know that the Customs officer is mandated to uplift the value or apply alternative valuation methods under GATT valuation methods in case the declared value does not match the contents in Parcel).

9.7 Treatment of gifts, donations or Personal effects

All goods entering into the country are regarded as imports and liable to pay taxes, unless the value is below USD 50 or tax exempt by law. A list of exemptions is provided in the fifth scheduler of the East African Community Customs Management Act.

The East African Community Customs Union common external tariff book contains the tax rates per item.

What kind of tax is collected on imported goods in parcels?

- Import Duty-based on the common external tariff and therefore varies with each item.
- VAT - at 18 %
- Excise duty- The rates vary depending on the product being imported (Refer to the rates under the Excise Tariff Amendment Act
- Withholding Tax-form of refundable Income tax charged at the time of importation at a rate of 6%

10.0 WAREHOUSING OF GOODS AND MOTOR VEHICLES ON ARRIVAL

- a. When goods/motor vehicles arrive at the warehouse, they are received by Customs both physically and electronically.
- b. The transit documents from the boarder will always indicate the period within which the goods/motor vehicles are supposed to be delivered at the warehouse and this period must be adhered to.
- c. Where the stipulated time on the transit document has expired with no authenticated reason for delay, the in charge of the vessel would have committed an offence and liable to pay a penalty not exceeding \$200.
- d. After electronic receipt (called validation), the documents are handed over to the clearing agent who should be dully appointed by the importer to clear the goods/motor vehicle.
- e. The appointed clearing agent makes a declaration for either home use (direct payment of taxes), warehousing, Transshipment, transit or export processing zones.
- f. The declaration must be done within 02 days of arrival at the warehouse of destination.
- g. Where goods remain unentered within the stipulated time, then such goods if the customs officer so requires be removed at the expense of the agent of the vessel to a

customs warehouse.

- h. Goods are verified in the presence of the Importer or the appointed agent or both to take account and determine the accuracy of the entry/declaration made.

10.1 Goods declared for warehousing

Warehousing means that imported goods/motor vehicles are deposited for storage in a licensed bonded warehouse with the authority of the person in charge of that warehouse. A Warehouse keeper is the holder of a Customs license in respect to a bonded warehouse.

What to note:

- a. Items are warehousable for a period of six months (180 days), with a period extension of 3 months maximum, granted on request. This means that importer should request for the extension if it's required.
- b. The only exception to the above are new motor vehicles warehoused by approved motor assemblers and dealers, wines and spirits warehoused in bulk by licensed manufacturers of wines and spirits; and goods in a duty-free shop.
- c. Warehoused goods on permission can be;
 - Transferred to a new owner on payment of \$10
 - Re-exported to a foreign destination
 - Cleared (paid for) in part
 - Removed from one warehouse to another
 - Re-packaged
 - Allowed to do assembling/manufacturing in line with Sec.51 (1) (d) of the EACMA
 - Removed to an export Processing Zone
 - Temporarily removed for repairs or modification (in case of vehicles) where applicable. A security in form of bank draft covering the taxes payable is deposited with Customs
- d. The following goods are not warehousable:
 - Acids for trade and business;
 - Ammunition for trade and business;
 - Arms for trade and business;
 - Chalk;
 - Explosives;
 - Fireworks;
 - Dried fish;
 - Perishable goods & goods whose expiry date is less than 6 months from the time of declaration;
 - Combustible or inflammable goods except petroleum products for storage in approved places;
 - Matches other than safety matches and any other goods which the Commissioner Customs may gazette
- e. Once goods exceed the mandatory warehousing period, they are tagged for auction. However, the owner can redeem them by paying 1% of the value if they have not been advertised for sale or 3% of the value if they have been advertised. Perishable goods may be sold by either public auction or private treaty without notice at any time the time before their shelf life expires.
- f. Goods that are advertised in the category above are sold by Customs through a public auction.

11.0 GROUPAGE CARGO CLEARANCE PROCEDURE

1. The importer delivers goods to the Consolidator of his/her choice (Shipper) in the foreign country (e.g. China, UAE) together with all the documents showing the nature of the packages, description of the items as well as the invoices, packing list.
2. The individual importers must provide details of their names, contacts and Tax Identification Numbers (TIN) to the consolidator at the point of delivery of the goods at the consolidator's warehouse. These details ought to appear on the master Bill of Lading and the House bill of lading.
3. The consolidator shall ensure that before the goods arrive at the first port of entry for instance Mombasa/Dar es Salaam, all individual importers in the container have been IDENTIFIED; TINs details indicated on the Master Bill of landing and have submitted the required purchase documentation i.e. invoices evidence of payments, packing lists with a detailed description of goods, quantities, delivery notes etc.
4. When goods arrive at the first port of entry port in the Partner State (e.g. Mombasa, Dar es Salaam), transit entries are captured to move the goods to the destination bond in Uganda, where final clearance will take place. These Customs documents are called WT8 and T1.
5. When the Container arrives in the ICD/Bond, the bond operator and Customs officer shall receive the cargo. WT8/T1 auto-converted to the warehousing entry (IM7), the registered consolidator, the appointed agent shall handle cargo examination with customs and upload examination accounts for further processing.
6. The consolidator then shall initiate a transfer of ownership from his names to the individual taxpayers they consolidated (breaks bulk). Transfer of ownership fees are paid and approval of transfer is done by the Supervisor Customs
7. All individual importers will be required to appoint their own licensed Customs agents to take on the process of clearing the items after the consolidator has approved the transfer of ownership.
8. The individual importers have an option to pay taxes (IM4) after transfer of ownership approval or continue with the warehousing process as per the warehousing procedures or goods are re-exported. All the purchase documents (invoices, evidence of payments, packing lists with detailed description of goods, quantities, delivery notes Master and House Bill of lading etc.) must be declared and attached on all customs declarations.

Transfer of ownership of warehoused goods

Steps followed

Step I:

Importer (Transferor or registered consignee on the subject consignment) writes to Manager Customs Warehousing a request to Transfer Ownership of Goods specifying in the request:

- a. Date of the letter
- b. The affected declaration and its date
- c. The general description and quantities of the goods to be transferred.
- d. The total Customs Value of the goods involved
- e. Reasons for the transfer
- f. Clearing agent (full names of both Company and Individual) authorized to process the transfer of ownership transaction
- g. The TIN of the importer (transferor) and transferee

- h. Currently active physical address, telephone and email address of the transferor and transferee
- i. Full names of the person(s) signing on the letter as they appear on their National ID or Passport

In case of a corporate entity, the above letter should be on the company's (transferor's) known letterhead.

Step II:

Attach the following mandatory supporting documents

- a. A copy of the national ID of signatories and each individual named in the letter referred to in STEP I above.
- b. A copy of any (for corporate entities) contract, agreement or (for the case of individual transferors) sworn affidavit on the basis of which the above transfer is to be effected.
- c. The document mentioned in 'b.' above should be submitted to Customs in original form and duly signed by the transferor and transferee or their authorized signatories.
- d. Copy of the evidence of payment of stamp duty fees wherever applicable.
- e. In case the transferor is a corporate entity, a 'Company Form VII' that shows the current directors of the corporate entity that is certified by registrar of companies should as well be attached.
- f. Copies of National IDs or Passports of all individuals that have signed on any documents to be submitted alongside the request to transfer any goods should be attached and endorsed by the owners of the IDs.
- g. Copies of the first page of each Customs document pertaining to the subject goods arranged chronologically from: Transfer Form - IM7 - T1 - WT8 - Bill of Lading (Original Customs Copy), Invoice and Packing List.

Step III:

- 1. Submit all the above applicable documents to the appointed clearing agent.
- 2. Appointed clearing agent initiates the transfer of ownership process in the Customs system.
- 3. Appointed clearing agent scans all the above required documents and submits them through the Customs Help tool under the warehouse Problem Code - 'Warehousing REC - Transfer of Ownership'
- 4. The Customs Help tool request shall be processed by the Customs Warehousing team within 24 hours if there is no query.
- 5. In case of any query, the same shall be handled and responded to by the appointed clearing agent through the Customs help tool ticket for the subject transaction

Step IV:

Completion of the transaction by the Customs Warehousing reconciliation team and giving applicant feedback.

- 1. In - Charge reconciliation shall receive requests for transfer of ownership of cargo through the help tool or (only where help tool is down) manually and handle or allocate them to different reconciliation team members for handling.
- 2. The Officer shall study and vet all documents presented and may ask any other relevant document for purposes of making an objective and informed decision through help tool or manually written queries.
- 3. In the case of recognized consolidators, the cargo is expected to be warehoused by the consolidator in the names of the consignee that contracted the importer who shall go through the transfer of ownership process by themselves and attach the Mas-

ter bill and House Bill.

4. Officers shall handle cases of transfer of ownership of cargo of CIF value not exceeding USD 50,000. For any transfer of cargo whose BIF is above the stipulated amount, the Supervisor should be consulted.
5. Any transaction that contravenes this process should be queried; and where the client fails to provide satisfactory response, – rejected and reasons for rejection clearly indicated in writing. The client can appeal against the rejection in which case they can be referred to the next office in the hierarchy for consideration of the appeal.
6. The process should take less than six hours of our response and querying. Resolution of each transaction should be within 24hrs of the request.
7. Transfer of ownership of warehoused goods from a Private Entity to a government entity for which taxes are exempted should only be authorized with written permission from a supervisor or manager warehousing.

Current process of change of ownership.

- Agent appointed by the client initiates the request to transfer ownership in ASYCUDA world by indicating details of the current and new owner plus details cargo to transfer.
- The system generates the assessment for change of ownership fees and gets paid in bank of choice.
- Agent or client lodges the transfer of ownership request on help tool and with all transaction documents uploaded (As in step II above). If help tool is down, client lodges manually to the supervisor or in charge reconciliation.
- The ticket is allocated to either sector Supervisors or in charge reconciliation.
- The supervisor or in charge reconciliation vets or validates the attached transaction documents and if satisfied proceeds to system approve in ASYCUDA world
- Upon system approval(transfer), the client is then able to capture the subsequent declaration in the names of the new owner

12.0 AUCTION AT CUSTOMS WAREHOUSE

Customs warehouse means any place approved by the Commissioner for the deposit of goods unaccounted for goods, unexamined goods, abandoned goods, detained, or seized goods, goods for safe custody. If such goods are not claimed and redeemed, they are disposed of off as the Commissioner may decide.

Note:

- a. Goods deposited in the customs warehouse must be lawfully removed within thirty days (30) after deposit.
- b. Where the goods above are not removed within 30 days, the commissioner shall give notice by publication in the Gazette that unless such goods are removed within thirty days (30) from the date of the notice, they shall be deemed to have been abandoned to Customs for sale by public auction and may be sold in such a manner as the Commissioner may deem fit.
- c. Customs allocates lot numbers (Identification numbers) for easy identification by the prospective buyers.
- d. Owners of such goods (the category that is redeemable) are given 30days from the date of publication within which they can redeem their goods and pay the FULL taxes
- e. The exercise of the auction is conducted through online bidding.
- f. Clients are encouraged to view the lotted items, before the day of the auction.
- g. The bidder with the highest bid amount is declared as the winner.

- h. For online auction, however, the winner is given 48 hours within which 100% payment is made to the lot won else the bid is given to the next bidder with the highest bid amount.

Online auction

The Online Auction site can be accessed through <http://singlewindow.go.ug/auction/home>

To participate on the online auction, the participant is required to be registered for taxes (have an active TIN)

- On the home page, the participant should click on auction to navigate through the available auction lots and click on view for more details.
- Bidder is required to login using his URA portal account details (TIN and Password) in order to participate in the bidding process.
- A payment registration slip will pop up to enable the auction participant select his preferred Bank and create a payment registration slip to enable him/her pay for the participation fee.
- Once the payment is reconciled, the bidder will log into the website again to have more options. The bidder can view my messages under his login when he clicks on his TIN.

13.0 TEMPORARY IMPORTATION

Customs procedure where goods brought into a Partner State are for use for a limited time (temporary use) and will ultimately preferably within 12 months be exported out of the country of importation on a prescribed form and subject to a security bond or carnet de passage en Duane (Passbook) or Pass Sheet or other similar importation documents issued under guarantee of an authorized association in respect of the vehicle or goods

13.1 Temporary imports

This means to bring or cause to be brought, into the partner state. Goods are imported into the partner state and then exported within the time limit, normally not more than a year.

13.2 Procedure on Temporary Importation

- A proper officer is satisfied that the goods are imported for temporary use or purpose
- Goods imported should be qualifying to pay duties
- Duties ordinarily payable secured by a customs bond or other form of security
- Temporary importation period does not exceed 12 months
- Temporary importation without payment or guarantee of duties is only with approval of a proper customs officer
- Deposit is refunded or bond security cancelled with proof, goods were re-exported

13.3 Goods allowed for Temporary Importation

- a. Commercial Travelers' samples
- b. Goods, including stage properties, imported for local exhibition or entertainment
- c. Goods imported solely for renovation or repair
- d. Touring propaganda material not otherwise prohibited
- e. Any vehicles and goods of a kind described in regulation 135-137
- f. Such other goods as Commissioner may allow subject to such conditions as he or she

may impose

13.4 Goods not accepted for Temporary Importation

- Cinematograph films (except films of maximum width of 16mm and length of 500metres imported for free exhibition for the sole purpose of promoting travel in the country therein depicted) may not be imported under temporary importation privileges
- Consumable stores such as beverages of all kinds
- Goods imported by residents
- Goods which do not attract duty

13.5 Refund of deposit/ bond discharge

Refund of deposit or bond discharge on temporary imports may be allowed:

- The owner of the goods being re-exported gives notice of their intended export
- Presents them for inspection before exportation.
- Contravention of the conditions of importation makes all goods liable to duty.

13.6 Administrative guidelines on temporary importation of registered vehicles

Temporary Importation of Private Foreign Registered Motor Vehicles. In reference to EAC-CMR 2010,

13.7 Regulation 136 and 137 effective 1st July 2019

1. The owners of foreign private motor vehicles must have a valid Temporary Importation of Road Vehicles Form (Form C32) issued at the Border Station.
2. To obtain a Form C32, an individual MUST:
 - a. Be a foreigner with foreign identification.
 - b. If Ugandan has a valid work permit or proof of residency in a Partner State
 - c. Have the foreign Motor Vehicle Registration in his or her name
 - d. Have a valid Power of Attorney from the motor vehicle owner, in case the operator is an agent of the owner
 - e. Provide satisfactory reasons for the temporary importation with clear physical and contact address of place of abode inland
 - f. Pay temporary license fees (US Dollars 20) where applicable
3. Individuals without the aforementioned requirements WILL NOT be issued with form C32 or be allowed operate a foreign registered motor vehicle within the country and any such vehicle shall be impounded.
4. Temporary importation of foreign registered motor vehicles shall be granted ONLY once, for a period not exceeding three (3) months
5. Extension of the Form C32 will not be allowed and such vehicle is expected to exit within the three months or else be impounded
6. No vehicle will be allowed out of Customs Border Station without the owner/agent being in possession of a valid Form C32
7. Any person intending to sell or alter or replace such a foreign registered vehicle must first seek permission from the Commissioner

13.8 Re-Importation

Means the Customs procedure under which goods which were exported may be taken into home use free of import duties and taxes, provided they have not undergone any manufacturing, processing or repairs abroad and provided that any sums chargeable as a result of repayment or remission of or conditional relief from duties and taxes or of any subsidies or other amounts granted in connection with exportation must be paid. The

goods that are eligible for re-importation in the same state can be goods that were in free circulation or were compensating products.

14.0 TRANSIT AND TRANSSHIPMENT

Customs transit refers to the movement of goods imported from a foreign place through the territory of one or more of the Partner States, to a foreign destination under customs control.

In simpler terms, this can be explained as the transport/movement of goods from an office of departure to an office of destination under customs control.

14.1 Transit Management

Transit management is one of the procedures that play an important role in facilitating international trade. It is the administration of the flow of goods within, through and out of the country.

Goods may be declared for in-ward or through-transit upon arrival at the first point of entry from another country. Goods may also be declared for outward transit from Uganda (exports and re-exports) to other countries.

To ensure that the revenue relating to goods in transit is protected, several measures are put in place;

1. A Customs declaration through a licensed clearing agent is prepared and a transit document (T1) is generated to facilitate the movement of goods.
2. Customs seals; Cargo in transit is sealed with either a metallic or an electronic seal which allows for real time monitoring until it reaches its destination. It is an offence to tamper with a customs seal of any kind and the same must remain secure up to the destination. Any confirmed tampering attracts heavy penalties.
3. Customs guarantee; This is what is commonly known as a customs bond allocated to each transit declaration. The customs guarantee ensures that the customs duties and taxes which are suspended during a transit operation are covered at all times (will be paid if the goods are not presented at the customs office of destination)
4. The amount of guarantee must be sufficient to cover the suspended customs duties and taxes.
5. The transit bond shall only be retired after customs is satisfied that the goods are intact and transit documents have been presented at the destination office.

14.2 Treatment of Goods in Transit

Goods landed for removal in transit are cleared on Form C.17 within 21 days of commencement of their discharge from importing vessel. Beyond 21 days they are deposited in customs warehouse

- Goods entered for transit must be exited within 30 days or within such further period as the Commissioner Customs may allow. Take note of administrative provisions allowed by the Commissioner Customs of 7 days for national transits and 10 days for regional transits
- The conveyance of goods in transit is through routes approved and gazetted by the Commissioner Customs. These routes have for purposes of real time electronic monitoring of transit cargo been geo mapped.
- The owner/approved agent shall specify their preferred transit route at the time of declaration of the entry and is required to stick to the same. Any diversion from the specified route is an offence which attracts penalties

- A Customs Security Bond is executed by the owner/agent to cover the tax liability of the goods at the office where the goods are entered.
- The amount of guarantee must be sufficient to cover the suspended customs duties and taxes
- Provisions of any law prohibiting or restricting the importation of goods will not apply to transit goods destined to a foreign destination unless the goods are specifically listed in the Third Schedule to the East African Community Customs Management Act by order of the council
- Transit goods stored in a customs area or transit shed are at owner's risk and liable to rent and other charges as may be prescribed
- Where the goods are handed over to an owner of the transit shed who is not an agent of the importing aircraft or vessel, the owner of the transit shed shall be responsible and accountable for the goods and shall be liable for payment of duty on the goods if the goods are not delivered or otherwise accounted for
- Goods under transit may be transshipped from one means of conveyance to another
- Where the owner/agent wishes to change destination office, extend transit period, diversion to the garage for repairs, he/she must ask for permission from the Transit Monitoring Unit (TMU) with justification

14.3 Licensing of vehicles for conveyance of goods in transit

All vehicles/vessels carrying transit goods are required to have a Transit Goods License (TGL) renewable every year

The Commissioner Customs may license any vessel or vehicle intended to be used for the conveyance of any goods subject to Customs control and any transporter upon application made in such manner and upon payment of such fees, as may be prescribed.

A person who uses any unlicensed vessel for the conveyance of any goods subject to Customs control, or uses any unlicensed vehicle for the conveyance of goods to which other legislation of any of the Partner States applies commits an offence and shall be liable to a fine not exceeding five thousand dollars

14.4 Procedure for licensing vehicles

The process of application and issuance of the Transit Goods License (TGL) is automated and can be accessed online through <http://singlewindow.go.ug/atransporter/>

1. The user will be required to create an account in order to access the portal.
2. After logging in, the user fills an online application form specifying the customs office and the preferred inspection location. This is where the applicant wants his/her vehicle to be inspected.
3. After filling the application form (C28), the user then submits the application.
4. The application will be assigned to an officer (Inspector) for inspection.
5. The transporter will be required to deliver the physical motor vehicle along with its registration documents for inspection to the customs location which they selected.
6. After approval, the application will be ready for payment. The transporter will be able to generate a payment slip by clicking on the payment icon on his/her application.
7. The license will automatically be generated after payment has been made.

14.5 Requirements and Conditions for a Transit Goods License (TGL)

- The vehicle must be constructed in a manner that it is sealable i.e. goods cannot be removed from or introduced into the sealed part of the vehicle without breaking Cus-

toms seals.

- It does not have concealed spaces where goods can be hidden. All spaces in the form of compartments or other spaces that are capable of holding goods are readily available for Customs inspection
- It should not have any false floors, walls or roofs
- Hinges must be made and fitted such that doors and other closing systems cannot be lifted off the hinge-pins and other fasteners are welded to the outer
- Doors should cover all gaps and ensure complete effective closure.
- The vehicle/vessel must be marked with the words "TRANSIT GOODS" printed boldly and clearly on both sides of the vehicle.
- The vehicle/vessel must be registered.

The Transit Goods License fees will be USD 200 annually for every carrying unit/vehicle

The Transit Goods License once issued by one partner state shall be mutually recognized by all the partner states

Where it is justifiable depending on the nature of goods the owner/agent/transporter who wishes to use an open truck to transport transit goods may seek permission from Transit Monitoring Unit

14.6 Transshipment

14.6.1 Meaning of Transshipment

Transshipment means the customs procedure under which goods in transit are transferred under customs control from one conveyance to another (from one carrier to another) within the customs controlled area or along the gazetted transit route.

There are practical incidents that may warrant transshipment of goods and these may include but not limited to accidents, mechanical breakdowns, and change in mode of transport and may involve the following categories:

1. Change in the prime mover (tractor head)
2. Change in mode of transport (e.g. road to rail, air to road, water to road, rail to road etc.)
3. Changing the means of carriage (e.g. from one container to another, from a container to a wagon, from one truck to another, from truck to a container etc.)

14.6.2 Transshipment Process

1. An appointed clearing agent who wishes to transship his/her cargo, makes a formal request/application to Transit Monitoring Unit (TMU) highlighting justifications with all the supporting documents.
2. Upon examining the transshipment request, the approving authority shall either approve or reject the request or request for more information.
3. Upon approval, an officer is assigned to supervise the transshipment exercise.
4. The assigned officer shall collect transshipment fees of \$15 and thereafter proceed to supervise the transshipment process.
5. On completion, goods are secured (fix a customs seal(s) and the customs entry is inspected/amended where applicable.
6. Where an offence is detected (e.g. illegal transit diversion, misdeclaration, under declaration), the officer shall raise a seizure notice and manage the offence
7. The Officer shall handover the documents together with a copy of the transshipment

account to the driver and then flag off the truck to proceed.

14.6.3 Treatment of accident cases involving goods in Transit

1. The owner/appointed agent shall immediately report the accident to Transit Monitoring Unit or the nearest Customs office and a customs officer shall visit the scene.
2. Where goods are not destroyed, the normal transshipment process shall take course.
3. Where goods are partially damaged, the officer makes a verification report highlighting the extent of damage. The salvaged goods are transshipped to new means of transport and sealed to resume transit.
4. Where goods are completely destroyed, a customs officer shall make a report highlighting that no goods were salvaged.
5. Where the Commissioner Customs is satisfied that the goods were completely destroyed, the transit bond shall be reconciled and cancelled.
6. Where it cannot be proven that goods were destroyed but found missing, then all the due taxes are payable.
7. All accident cases must be supported by a police accident report.

15.0 EXPORT PROCEDURES

15.1 Export of Goods

This is a process of taking goods and services from Uganda to a foreign country. This process is subdivided into the two (2) categories below

15.2 Intra Region Cargo (Transfers): traded within EAC partner states

Intra-EAC transfer of goods refers to movement of goods traded among the EAC Partner States, whether or not duty paid.

These include:

- a. Locally Produced goods,
- b. Duty paid goods,
- c. Re-exports,
- d. Temporary transfers i.e. temporary admissions of goods;

The use of the term "transfer" as opposed to export or import is basically to create a distinction between cross-border movement of goods traded among the EAC Partner States and non-EAC Countries.

15.2.1 Stepwise instructions for the transfer of locally produced goods:

- i. The Importer or Agent shall lodge a declaration in the Customs systems of the destination Partner State;
- ii. The declaration is processed and applicable taxes are assessed and collected in the destination Partner State;
- iii. The destination Partner State Customs Authority shall trigger selectivity based on a predefined risk criterion;
- iv. Green, Blue and yellow lane declarations shall be released by officers in Partner State of destination after all conditions have been fulfilled, and the declaration shall be transmitted to the Transfer Partner State and other Partner State(s) where goods shall transit through;
- v. For Red lane declaration, physical verification of goods is deferred to the destination Partner State, but in special circumstances it may be conducted in transfer Partner

State, or jointly, depending on risk assessment, availability of resources and the nature of consignment;

- vi. VI. In cases where Amendments are required after verification, such amendments shall be effected by the destination Partner State;
- vii. Upon release, the Declaration information shall be transmitted to the transfer Partner State and other Partner States where goods shall transit through;
- viii. The goods are then loaded upon release of the declaration;
- ix. The destination Partner State shall generate an exit note or T1 and transmit it to the transfer Partner State and Partner State(s) where goods shall transit through;
- x. The transfer Partner State shall generate the movement document (C2) after checking the correctness of required details. Upon issuance of the movement document (C2), information shall be transmitted to the destination Partner State and to other Partner States where the goods shall transit through, for tracking the movement of the consignment;
- xi. The goods may be sealed, depending on the risk criteria of the transfer or destination Partner State;

Note: Where the e-seal is used, it shall only be disarmed after confirmation of arrival goods are at the next Partner State.

15.2.2 Stepwise instructions for the Transfer of goods that attract Export levy:

- i. The Importer or Agent shall lodge a declaration in the Customs systems of the destination Partner State;
- ii. The declaration is processed and applicable taxes are assessed and collected in the destination Partner State;
- iii. The destination Partner State Customs Authority shall trigger selectivity based on a predefined risk criterion;
- iv. Green, Blue and yellow lane declarations shall be released by officers in Partner State of destination after all conditions have been fulfilled, and the declaration shall be transmitted to the Transfer Partner State and other Partner State(s) where goods shall transit through;
- v. For Red lane declaration, physical verification of goods is deferred to the destination Partner State, but in special circumstances it may be conducted in transfer Partner State, or jointly, depending on risk assessment, availability of resources and the nature of consignment;
- vi. In cases where Amendments are required after verification, such amendments shall be effected by the destination Partner State;
- vii. Upon release, the Declaration information shall be transmitted to the transfer Partner State and other Partner States where goods shall transit through;
- viii. The goods are then loaded upon release of the declaration;
- ix. The destination Partner State shall then convert the declaration information transmitted from the transfer Partner State into a declaration for home use and applicable levy or taxes are assessed;
- x. Upon payment of levy or taxes, the transfer Partner State generates the movement document (C2) and information shall be transmitted to the destination Partner State and to other Partner States where the goods shall transit through, for tracking the movement of the consignment;
- xi. The goods may be sealed, depending on the risk criteria of the transfer or destination Partner State.

Note: For transfers that attract export levy in the Originating Partner State, such duty shall be paid before generation of the C2 or T1

15.2.3 Transfer of duty paid goods:

For duty paid goods, the person intending to transfer the goods shall first obtain the approval of the Commissioner of Customs in the Partner State where the goods are. It is only after the Commissioners' approval that the declaration process in the destination Partner State can commence.

The following principles shall apply under free circulation:

- i. Goods which are transferred, in the same state as when they were first imported, from one Partner State to another shall be liable to customs duties where applicable;
- ii. Special customs regime shall be developed for the management of duty paid goods transferred from one Partner State to another;
- iii. A refund mechanism for duties on goods transferred from one Partner State to another Partner State has been established;

Note: The goods should have been under Customs control before application for transfer is made to the Commissioner Customs.

For goods which are not under Customs control but transferred to another Partner State, no duty refund shall apply and no application for such transfer will be required.

15.2.4 Stepwise instructions for the transfer of duty paid goods:

- i. The owner in the Partner State of transfer shall make an application to the Commissioner Customs to transfer the goods to another Partner State;
- ii. Upon approval of the application, the declarant shall lodge a declaration in the destination Partner State attaching all the relevant supporting documents and quoting the previous declaration reference number at the first point of entry;
- iii. The Importer or Agent shall lodge a declaration in the Customs systems of the destination Partner State;
- iv. The declaration is processed and applicable taxes are assessed and collected in the destination Partner State;
- v. The destination Partner State Customs Authority shall trigger selectivity based on a predefined risk criterion;
- vi. Green, Blue and yellow lane declarations shall be released by officers in Partner State of destination after all conditions have been fulfilled, and the declaration shall be transmitted to the Transfer Partner State and other Partner State(s) where goods shall transit through;
- vii. For Red lane declaration, physical verification of goods is deferred to the destination Partner State, but in special circumstances it may be conducted in transfer Partner State, or jointly, depending on risk assessment, availability of resources and the nature of consignment;
- viii. In cases where Amendments are required after verification, such amendments shall be effected by the destination Partner State;
- ix. Upon release, the Declaration information shall be transmitted to the transfer Partner State and other Partner States where goods shall transit through;
- x. The goods are then loaded upon release of the declaration;
- xi. The destination Partner State shall then convert the declaration information transmitted from the transfer Partner State into a declaration for home use and applicable levy or taxes are assessed;

- xii. Upon payment of levy or taxes, the transfer Partner State generates the movement document (C2) and information shall be transmitted to the destination Partner State and to other Partner States where the goods shall transit through, for tracking the movement of the consignment;
- xiii. The goods may be sealed, depending on the risk criteria of the transfer or destination Partner State.

15.2.5 Transfers of duty paid goods – small cargo by bus

The transfers from the open market shall be dealt with in line with the cross border clearance initiative of simplified trade regime for the qualifying goods.

This category of goods shall be small consignments usually carried by Bus. This cargo shall be subjected to direct assessment at the Destination Partner State.

For other categories of goods from the open Market (that don't fall under the category above), the normal Intra Region clearance shall apply.

- a. A declaration is made in the country of importation's Customs System by the client's declarant (agent)
- b. When the declaration is released after all the necessary checks, it is then transmitted to URA's ASYCUDA system.
- c. Then the respective customs officers will then, issue a C2(Cargo Movement Document) on the transmitted entry to permit the cargo to move to the importing partner state.

15.3 Direct Exports

Direct exports refers to cargo originating from a Partner state to a destination out of the Region (East Africa), e.g. coffee exports from Uganda to Singapore

15.3.1 Step Wise Instructions for Managing Direct Exports:

The process begins when a client needs to do direct export of goods.

The exporter acquires requisite regulatory approvals, certificates and or permits through the Uganda electronic Single Window (UeSW);

- i. The exporter through an appointed licensed customs agent lodges a declaration at a Document Processing Centre through the pre-declaration process;
- ii. The consignment can either be directly released in the CMS or in case of red channel subjected to verification;
- iii. For red lane entries, the cargo proceeds to the bonded warehouse for physical examination, uploading of examination account in the CMS and re-routing to yellow lane for DPC process to commence;
- iv. The officer DPC quality assures the declaration for correct particulars and releases the declaration in the CMS;
- v. For the case of exports where a transit bond isn't required (non-bonded), goods are allowed to exit the bonded warehouse after release by DPC;
- vi. For the case of bonded exports, the declarant proceeds to generate a T1 and present a copy to the customs officer in the bonded warehouse for validating departure;

Note: for SCT entries, the regional customs transit guarantees bond (RCTG) covers all exports the declarations

- vii. The officer affixes a seal (where applicable) and validates departure of the T1 in CMS before the truck exits the bond gate;

Note: For SCT declarations, upon systems departure of the T1 or Exit note, it is then transmitted to the respective port authority's system to facilitate gate in of the container; or the partner state of the last land/ border where the goods will exit the community;

viii. The process for non SCT declaration ends with validation of the T1 at the border points after confirming goods have exited the country, otherwise proceed to step (IX);

Note: Indirect exports under SCT are treated as intra region.

- Where the exit point is the last point of exit from the Community, the officer confirms final exit,
 - Where the cargo is transiting through another partner state, the officer at the exit point of the exporting partner state confirms exit, and the next partner state confirms arrival and a notification is sent to the exporting partner state;
 - The transiting partner state takes over the process of monitoring through its territory;
- ix. Upon arrival at the port of exit from the EAC, the cargo is scanned, disarmed (if under RECTS) and cleared for exports in the port system; and a notification is sent to the exporting partner state;
- x. The RCTG bond is retired by the exporting partner state upon receipt of exit notification message from the last customs authority or port in the EAC.

Please Note:

In the EACCMA Sec 77.-(1) Goods which have been put on board on any aircraft or vessel for export, or for use as stores, or as passengers' baggage, shall not, save with the written permission of the proper officer and in accordance with such conditions as he or she may impose, be discharged at any place within the Partner States.

15.3.1 Types of exports

Permanent exports: This covers goods especially originating in the country, exported and intended to remain permanently or to be consumed in the foreign country.

Temporary exports: This covers goods which are exported for special purposes and are to be returned after that purpose. E.g. goods exported for repair/refurbishment, or exhibition.

Re-exports: This covers goods originally imported in the country but later exported to a foreign country such as

- a. Temporary imports,
- b. Goods warehoused at importation and thereafter entered to be exported to another country, OR
- c. Goods entered for Home Consumption and later exported to another country.

15.3.2 Exporting goods outside Uganda

The exporter can improve his/her cash flow through the claim of a refund of money spent on packing materials, e.g., boxes, Gunny bags.

The exporter can also claim back money paid as VAT, during the production process of the exported goods. All exports do not pay taxes except; Unprocessed minerals, raw hides and skin, Fish, and fish parts, Fish Maw, unprocessed leaf tobacco, Gold.

A taxpayer who wishes to re-export their goods to another country, should note that income earned from the re-exported goods is taxable and should be declared during filing of their returns to avoid penalties and or interest.

The exporter/re-exporter has to be registered with a Taxpayer Identification Number. Please note that all goods manufactured for export must be labeled 'produced for export'.

Remember before packaging your goods for export consult with Uganda Export Promotion Board to get more information on Eco-labeling, finding buyers for your goods, open account trading, how prices are determined internationally and much more.

The exporter is required to appoint a customs agent to transact on their behalf. The exporter is required to obtain an export license from the Uganda Export Promotions Board where applicable. The exporter must secure the services of a licensed transporter (where applicable).

15.3.3 Entering Cargo for Export

The whole of cargo intended for export should be entered by the owner of such cargo in the manner prescribed. The owner of cargo intended for export is required to furnish to the proper officer full particulars, supported by documentary evidence, of the goods referred to in the entry.

Goods intended for export are required to be exported within thirty days from the date of entry or such further period as the Commissioner may allow (Sec 2A of EACCMA (Amendment) Act 2011. Breaching the provisions of Sec 73 is an offence and goods in question are liable to forfeiture.

Exports that may be exempted from a Single Administrative Document include:

- Bona fide personal baggage of the passenger or members of the crew
- Goods intended for sale or delivery to passengers or members of the crew
- Mail bags and postal articles in the course of transmission by post

15.4 Valuation and exports

- a. The export value of goods is the value of the goods at the port or place of shipment or exportation plus all charges incurred in delivering the goods on board the aircraft, vessel or vehicle of exportation.
- b. Where the cost of the goods cannot be determined, the cost of similar or identical goods exported from a Partner State at about or the same time shall apply.
- c. Where the value of the goods cannot be determined under subsections (1) or (2) then the proper officer may determine the value of such goods

15.4.1 Treatment of goods liable to export levy

Where goods are liable to export duty:

- a. The amount of duty shall be stated on the export entry of the goods, and
- b. The goods shall not be exported until the export duty has been paid or security thereof given to the satisfaction of the proper officer

If the goods entered for exportation are examined by the Proper Officer and discrepan-

cies found from those on the entry an offence is committed and the goods shall be liable to forfeiture.

Subject to the provisions of any law in force in a Partner State, export duty shall not be levied on the exportation from the Partner State of any goods grown, produced, or manufactured, in another Partner State; and such goods shall on exportation, be subject at the place of exportation only to the export duty, restrictions and conditions imposed under the law of the Partner State in which they were grown, produced, or manufactured.

Also note that:

Income earned from the re-exported goods is taxable and should be declared during filing of the re-exporter's returns to avoid penalties and or interest.

15.5 Refunds on Exports

The exporter can claim of a refund of money spent on packing materials, e.g., boxes, Gunny bags. The exporter can also claim back money paid as VAT, during the production process of the exported goods.

Therefore,

- All goods manufactured for export must be labeled 'produced for export
- The exporter is required to obtain an export license from the Uganda Export Promotions Board.
- In the case of goods on which drawback is to be claimed, the particulars on the entry are, whenever possible, to be compared with the particulars of the respective import entry.
- No drawback is payable on damaged or spoilt goods, unless the designated officer is satisfied that the goods were accidentally destroyed on board or were materially damaged after loading, and have been abandoned to the Customs.
- Also, drawback may not be allowed on provisional entries i.e. only goods that were perfectly cleared and in respect of which an invoice was presented to Customs may be considered for drawback.

16.0 PROHIBITED AND RESTRICTED GOODS

16.1 Prohibited goods

These are goods whose exportation, carriage coastwise or transfer of which is completely not allowed by any of the laws in force in the Partner State.

16.2 Prohibited exports

Prohibited exports are listed in Part A of the Third Schedule of the EAC-CMA. Ideally these are all goods the exportation of which is prohibited under this Act or by any written law for the time being in force in the Partner States e.g. narcotic drugs, waste and scrap of ferrous cast iron, wood charcoal, used automobile batteries, lead scrap, crude and refined lead and all forms of scrap metals. See Sec 70 (1) of the EACCMA

16.3 Restricted exports

These are goods whose exportation, carriage coastwise or transfer of which depends on the fulfillment of the conditions regulating such exportation under the Customs laws or any other written laws.

Restricted exports are listed in Part B of the Third Schedule of the EAC-CMA E.g. Timber

from any wood grown in the Partner States. Sec 70 (2) of the EACCMA

16.4 Restricted goods

Restricted goods include the following:

- All goods the exportation of which is regulated under this Act or of any law for the time being in force in the Partner States;
- Timber from any wood grown in the Partner States;
- Fresh unprocessed fish (Nile Perch and Tilapia);

The following goods shall not be exported in vessels of less than two hundred and fifty tons register—

- Warehoused goods;
- Goods under duty drawback;
- Transshipped goods.

Note:

The Schedule for prohibited and restricted goods may by order in the gazette be amended by the Council to specify the goods of which their exportation is to be prohibited or restricted either generally or in particular cases.

The Council may by order in the gazette prohibit or restrict the exportation of goods from a Partner State either to all places or to any particular country or person.

Goods in transit, transshipment or goods exported as stores of a vessel or aircraft unless it is otherwise stated, they are not affected by provisions of Sect. 70 & 71 of the EACCMA, 2004. Nonetheless, we should further note that although the law of prohibitions/restrictions does not bind these goods they should be exported within such a time as the Commissioner may specify.

17.0 CLEARANCE AND TEMPORARY EXPORTS

For goods under temporary export, there is need to have a detailed examination account on the export entry which should be endorsed by the Customs station of exit. This copy will be used to support the declaration by the owner at the time of the re-importation of the goods as supporting evidence for the goods that were temporarily exported in order for the goods not to be taxed as fresh imports if they are re-imported in the same state as that at the time of exportation or to ascertain value addition and pay applicable taxes

The exporter/owner of goods is advised to get a re-importation certificate (Form P45) from Customs for the goods under temporary exportation at the time of clearing his goods for temporary exportation. The re-importation certificate is one of the cardinal documents that support the declaration made to Customs at the time of re-importation of the goods.

Where goods on re-importation are liable to duty, the value of such goods shall be the amount of the increase in value attributable to:

- a. Repairs outside the Partner State;
- b. Equipment or other goods added and related work done outside the Partner State;
- c. Processing or manufacturing done outside the Partner State;

d. Any other costs incurred outside the Partner State

However, goods temporarily exported for repair free of charge on account of a contractual obligation if established by the Commissioner shall be released without payment of taxes nevertheless, this shall not apply where account was taken of the manufacturing defect at the time when such goods were first released for home Consumption.

18.0 EXPORT UNDER THE SIMPLIFIED REGIME

The SE1 is configured in ASYCUDA world like any other regimes but unique because of its simplified nature purposely to ease cross border trade which is normally informal in nature.

Briefs on;

18.1 The Simplified Export (SE1)

The SE1 is configured in ASYCUDA world like any other regimes but unique because of its simplified nature purposely to ease cross border trade which is normally informal in nature.

18.1.1 Brief on the SE1 regime

- It's a self-clearance by the exporter and no need for a customs clearing agent.
- It's captured by customs officers hence saves the cost of a hiring the services of clearing agent.
- Exporter TIN is not mandatory unlike other formal regimes.
- No rigorous export transaction documents required
- The SE1 declaration takes shorter time than other declarations since some boxes on SAD are optional
- The value of goods under this regime is less or equal to \$2000
- The regime is facilitated with a simplified certificate of origin (SCOO) which is manually issued at the border of exit

18.1.2 Process flow

- a. Present goods to exports desk/front desk/market desk for inspection with all relevant transaction documents (for example Receipt, Simplified Certificate of origin and Identity card).
 - b. Customs officer captures/registers a simplified export entry (SE1) with the documents in (1) attached.
 - c. Payments form generated where applicable, especially for exports that attract levy such as fish, hides and tobacco in raw form.
 - d. Payment made in the bank of choice (Presence of pay way machine proximal to the processing desk).
 - e. System release of goods by customs.
 - f. Physical release/flag off of the consignment to the client by Customs officer
- Note that where the export item does not attract export levy like the majority, then c) and d) are disregarded.

18.2 Regime for Small Scale Traders (ES1)

This regime of small scale traders requires agent TIN but does not require exporters TIN.

The exporter, gets a licensed customs clearing agent to make a simplified Customs dec-

laration for his or her exports.

Customs will receive the electronic declaration and immediately assign an officer to process release.

The exporter presents his truck with his goods to a customs officer who will confirm the goods against the declaration and immediately releases the truck to cross the border if everything complies.

Note: The difference between ES1 and SE1 is that SE1 serves small scale exporters whose customs Value of goods is not exceeding USD 2000 and the mode of transportation is either wheelbarrow, bicycle, by head or motorcycle. On the other hand, ES1, serves small scale exporters whose value of goods does not exceeding USD 2000 but the means of transport is largely trucks for example, exporters of 10 Metric tons of maize etc. This was considered to give small scale traders wide options for trade facilitation.

19.0 EXEMPTION REGIMES

The EACCMA outlines goods that shall not be charged duty under the 5th schedule. This is done in 2 parts:

PART A: SPECIFIC EXEMPTIONS

- a. Goods imported or purchased before clearance through the customs by or on behalf of privileged persons and institutions.
 - The Presidents. Goods for use by the Presidents of the Partner States.
 - Partner States Armed Forces. All goods, including materials, supplies, equipment, machinery and motor vehicles for the official use of Partner States Armed Forces.
 - Commonwealth and Other Governments
- b. Goods consigned to officers or men on board a naval vessel belonging to another Commonwealth Government for their personal use or for consumption on board such vessel.
 - Diplomatic and First Arrival Privileges
 - Household and personal effects of any kind imported by entitled personnel or their dependents
 - One motor vehicle which the ministry responsible for foreign affairs of a Partner State is satisfied as having been imported as a replacement for a motor vehicle originally imported.
 - Goods for the official use of the United Nations or its specialized agencies or any Commonwealth High Commission, or of any foreign embassy, consulate or diplomatic mission in a Partner State.
 - Goods for the use of a high official of the United Nations or its specialized agencies, or a member of the diplomatic staff of any Commonwealth or foreign country, where specific provision for such exemption is made by the minister responsible for foreign affairs.
 - Goods for the United Nations or any of its specialized agencies for the support of a project in a Partner State.
- c. Donor Agencies with Bilateral or Multilateral Agreements with the Partner States.
- d. International and Regional Organizations. Goods and equipment imported by donor agencies, international and regional organizations with Diplomatic accreditation or bilateral or multilateral agreements with a Partner State for their official use.

- e. The War Graves Commission. Goods, including official vehicles but not including office supplies and equipment and the property of the Commission's staff, for the establishment and maintenance of war cemeteries Commission by the Commonwealth War Graves.
- f. Disabled, Blind and Physically Handicapped Persons Materials, articles vehicle, which: and equipment, including one motor are specially designed for use by disabled or physically handicapped persons or; are intended for the educational, scientific or cultural advancement of the disabled for the use of an organization approved by the Government for the purpose of this exemption
- g. Rally Drivers. One motor vehicle for each driver and spare parts specified in accordance with schedule 5 EACMA
- h. Goods and Equipment for Use in Aid Funded Projects

PART B—GENERAL EXEMPTION

Goods imported or purchased before clearance through customs

1. Aircraft operations
2. Containers and pallets
3. Deceased Person's Effects
4. Fish, Crustaceans and Molluscs
5. Passengers' Baggage and personal effects
6. Samples and Miscellaneous Articles
7. Ships and Other Vessels
8. Preparations for cleaning dairy apparatus
9. Mosquito nets and materials for the manufacture of mosquito nets
10. Seeds for Sowing
11. Chemically defined compounds used as fertilisers
12. Museums, Exhibits and Equipment
13. Diapers, Urine bags and hygienic bags
14. Diagnostic Reagents and Equipment
15. Horticulture, Agriculture or Floriculture Inputs
16. Packaging Material for Medicaments
17. Education. Educational Articles and Materials as specified in the Florence Agreement.
18. Splints for use in the manufacture of matches
19. Inputs for use in the manufacture of agricultural equipment
20. Relief goods imported for emergency use in specific areas where natural disaster/ calamity has occurred in a Partner State
21. Hotel Equipment
22. Refrigerated trucks
23. Speed Governors
24. Computer Software
25. Electrical Energy saving bulbs for lighting also known as Compact Fluorescent Bulbs
26. Specialized Solar equipment and accessories
27. Unbleached woven fabrics of a width 80 inches and above imported for manufacture of textile materials
28. Items imported for use in licensed hospitals
29. Motor vehicles specially designed for refuse/garbage collection

20.0 THE SINGLE CUSTOMS TERRITORY (SCT)

20.1 Definition of Single Customs Territory

A Single Customs Territory is the full attainment of the Customs Union achievable through removal of trade restrictions including minimization of internal border controls.

It is about achieving free circulation of goods in the Customs Territory in order to reduce the cost of doing business.

20.2 Features of SCT

Goods are cleared at the first point of entry;

One Customs declaration is made at the destination country

Taxes are paid at the point of destination when goods are still at the first point of entry;

Goods are moved under a single Regional bond from the port to destination;

Goods are monitored by electronic cargo tracking system;

Interconnected Customs systems

20.3 Benefits from the SCT

These include:

- Reduced turnaround time for transporters.
- Reduced clearance time and the cost of doing business.
- Reduced the risks associated with non-compliance on the transit of goods;
- Enhanced trade in locally produced goods.
- Enhanced the relationship between the private and public sectors;
- Efficient revenue management;
- Enhanced application of Information Technology and data collection at the regional level
- Synergy through shared resources and utilization of economies of scale.

20.4 Countries involved in the SCT

The EAC Partner States – Burundi, Kenya, Rwanda, Tanzania, Uganda and South Sudan Revenue Authorities have deployed officials to the first points of Entry to facilitate the smooth operations of the SCT. URA has deployed officers at Port of Mombasa, different locations in Nairobi, Nakuru, Eldoret, Kisumu, and Port Of Dar es salaam.

20.5 Requirements for stakeholder to transact under the SCT

20.5.1 Importers & Exporters

Appoint a licensed clearing agent/or get licensed for own clearance

Develop a working relationship with shipping line agents

Knowledge on SCT process and documentation

20.5.2 Customs/Clearing Agents

- Acquire license from respective Revenue Authorities
- Execute a Regional Bond Guarantee
- Register with Port Authorities
- Develop a working relationship with shipping line agents

20.5.3 Transporters

These need to acquire Transit License from the respective Revenue Authorities. Customs/Clearing Agents involved in the clearance process may choose to operate under the Mu-

tual Recognition of Customs Agents and/or relocate to the First points of Entry (Dar es Salaam, Mombasa)

Note: those who wish to operate businesses in other Partner States must meet the legal requirements for business registration. Customs/Clearing Agents that are licensed by one Partner state are recognized in the other Partner states and are granted access rights to operate in the respective Customs Systems to facilitate the clearance of cargo destined to and from their respective countries.

20.6 Handling Customs clearance in a partner state

The Customs Agent can handle processes in another country where they have no presence. The Customs agent may nominate another agent to handle Port Processes, the nominated agent is captured in Box 51 of the SCT declaration.

20.7 Clearance of goods under the SCT

Under the SCT;

- Manifests submitted to Kenya Revenue Authority (KRA) and Tanzania Revenue Authority (TRA) by shipper prior to Vessel arrival
- KRA /TRA transmits manifests to the respective Revenue Authorities;
- Importer/Agent accesses manifest data in the respective Revenue Authority Customs Systems and makes a customs declaration/Entry.
- Taxes are paid at destination Partner state for duty paid cargo using respective national currency.
- Physical verification of selected consignments may be carried out at a designated area as may be determined by the respective Revenue Authority
- Release is issued from destination Revenue Authorities
- Removal of goods from first point of entry.

Transit declaration only apply to goods originating from foreign countries and destined to countries outside the EAC region. Movement of goods within the EAC Partner states is referred to as "transfer of good"

- Acquire knowledge in SCT & training in other Revenue Authorities Customs systems
- Acquire access rights in the other Revenue Authorities Customs systems.
- Sensitize their clients

A regional Bond guarantee is applicable for goods declared for warehousing, temporary importation, transit and on duty remission/ exemption. There's no bond guarantee for goods where taxes have been paid at destination.

The Customs Agent responsible for the clearance of the cargo shall supervise the physical examination of the goods. It's possible to sell goods where duties and taxes have been paid in another Partner State other than the destination country subject to approval from the Commissioners of Customs of the destination state and the state where the goods are to be sold.

20.8 Treatment of locally produced goods treated under the SCT

Goods produced in the region are not subjected to import duty when transferred to another Partner State if they meet the EAC rules of origin criteria. However, these goods shall be subjected to domestic taxes which must be paid before the goods move from the country of origin to the destination Partner State.

How is the SCT addressing the problem of several weigh bridges along the transit/transfer routes?

Partner States have reduced the number of weigh bridges.

- Northern Corridor: Cargo in transit/transfer is weighed once
- Central corridor: Cargo in transit/transfer is weighed at 7 weigh bridges from 23.
- Implementation of the use of weigh in motion weigh bridges where trucks conforming to the required weights do not stop

20.9 Responsibility if the bonded cargo does not reach its intended destination

The clearing agent executes a regional Bond Guarantee for Bonded Cargo and is therefore responsible for ensuring that it reaches the final destination.

20.10 Responsibility for the security of goods along the corridors

Whereas the Partner States provide security, the responsibility of securing the goods lies with the customs clearing agent, the transporter and the owner.

20.11 How Other Government Agencies (OGAs) of the destination Partner state are involved in the clearing process

Some Government agencies have positioned their staff at the first points of entry and/or developed working relationships with the relevant OGAs in the Partner state of the first point of Entry.

20.12 Cargo Manifest (C2)

It is a cargo movement document issued by the partner state where the goods are originating from. It is sometimes referred to as a "cargo manifest."

20.13 Container Freight Stations

These are extensions of the port which are licensed by the Commissioner of Customs for the purpose of storage and clearance of goods and to ease congestion at the port.

20.14 Clearance of containerized Motor vehicles handled under SCT

All containerized Motor Vehicles are cleared under the warehousing Regime (WT8). They are consigned to a general goods Bonds and NOT a Motor Vehicle Bond.

20.15 Clearance of re-exports to Partner States under SCT

A step by step process:

- i. Agent (on behalf of the consignee) presents the purchase documents/sales contract and a copy of the IM7 to the bond officer.
- ii. Bond officer generates a manifest with as per the documents presented by agent.
- iii. Bond officer issues the manifest to the clearing agent to enable capturing of an SCT declaration in the country of destination.
- iv. The agent includes manifest number in SCT declaration that is generated in the destination country system.
- v. SCT declaration is released in the destination country and transmitted into URA ASY-CUDA system.
- vi. Bond officer accesses the declarations, confirms the declaration and uploads a Verification Account.
- vii. Bond officer generates a cargo movement document (C2) and issues it to agent.
- viii. Cargo is flagged off.
- ix. Customs officer at the border 'exits' the consignment upon arrival at the Exit Border.

20.16 Importation of Motor Vehicle Units alongside some goods

The agent is required capture two (2) separate Entries; one for the Motor Vehicle Unit – this may be a warehousing Entry (WT8) or an IM4 (Payment of Taxes), and another one (IM4) for the goods. Both Entries should be inspected accordingly.

20.17 Clearance of exempted goods treated under SCT

All Exempted goods are cleared under the Warehousing Regime (WT8.) The goods are secured under an RCTG bond, and an exemption entry processed on arrival at destination partner state.

20.18 Clearance procedures in case of eventualities such as accidents, thefts and fire

The following is the procedure;

- Obtain incident report and Scene of Crime from Police Authorities, Revenue Authority of the state where incident happened, nearest URA office and any other related evidence e.g. Pictures of the Scene etc.
- Obtain a Taxes demand note from state/country of incident
- Submit Report/ Refund Claim (for IM4s) to Assistant Commissioner Enforcement for further investigations and processing.

20.19 Stripping/ de stuffing of containers

This simply means;

It is possible for goods imported through the Port of Mombasa Port to be de-stuffed. A client is required to seek formal approval from the Manager Mombasa URA and Manager Enforcement KRA before such an Entry is captured. The approval letter is attached on the Entry. The Goods are captured as Bulk goods and processed as such.

Note: If Ugandan destined goods arrive at the ports and are not entered for Customs Clearance, the goods not declared within 21 days are liable for auction (refer to ECMCMA)

20.20 Clearance of groupage or consolidated cargo handled under SCT

All groupage cargo is cleared under the Warehousing regime (WT8) as declared on the master Bill of Lading. Deconsolidation/ breaking bulk shall be done when goods arrive at destination partner state.

20.21 Handling a Bill of Lading with several units/containers destined to different bonds

The Bill of Lading will be cleared on one entry i.e. total write off of bill of lading (apart from bulk consignments like wheat, fuel, CPO etc. where part clearance can be done) and thereafter, a bond to bond effected at arrival at the bond of destination respectively.

20.22 Clearance of Motorcycles through a Ware housing Regime (WT8)

The Regional Customs Transit Guarantee Bond that is used to secure warehoused Goods (WT8) that are on transit within the COMESA and the EAC Regions. The RCTG is housed and managed in The RCTG MIS system by the COMESA RCTG Technical team

20.23 Retiring the RCTG bond

The RCTG Bond is retired at assessment of subsequent IM7 or IM4. One cannot use an RCTG bond number for another declarant in the declaration. (WT8). These are configured in the system and tagged to the respective declarant's TIN.

The declarant must monitor the performance of their RCTG accounts. E.g. bond balances, active carnets etc. the declarant can acquire rights in the MIS system from COMESA RCTG technical team.

21.0 AUTOMATED SYSTEM FOR CUSTOMS DATA (ASYCUDA)

ASYCUDA World is an online system used for processing transactions of all goods imported or exported out of the country. The system allows self-declaration, assessment and payment of taxes by the importer/exporter.

It also allows users to process customs declarations from anywhere around the world. It is also possible to attach and submit commercial documents.

21.1 Accessing ASYCUDA World

Any internet web browser such as Internet Explorer, Google Chrome can access ASYCUDA World, on the Customs website at <http://asyworld.ura.go.ug> and it can also be accessed through the single window page as <http://singlewindow.go.ug/uesw/Downloads>

The computer should have a memory (RAM) of at least 4GB and above, processor of 1.6 GZ, Java8 version 202. One may need any type of printer and a document scanner for scanning all commercial documents to attach to the declaration.

There is need for an Adobe Reader for reading documents in PDF format. ASYCUDA World application doesn't need to be installed on your computer; you access it through the internet. A user logs in at once and is able to access all modules attached to his/her customer account.

21.2 Authorization

The persons are authorized to use the system include Licensed Clearing Agents, Bond Keepers, Customs Officers, Cargo Handlers, and Importers/ Exporters. However, in order to access, all users have to complete a user rights application form which is downloaded from the home page of the custom's help tool site. The user rights application form has to be signed by the company Chief Executive Officers and approved by the Customs Station Managers. The form as earlier indicated can be accesses on the link provided.

All these forms can be submitted to the customs system and procedure section through the help tool which is help.ura.go.ug

Login if you already have an account, if not then you will be required to create one. Select the right classification as; Creation of user Rights. The forms shall be received by the client support unit that creates the access rights in the system.

All parties involved in the international trade chain have to abide by law (East African Community Customs Management Act) and all the necessary laws application

21.3 Registration to get user rights

To get the form for user rights, the client downloads them from the home page of the customs help-tool.

Click on the link for forms,

Click on the URA external user rights Access forms or internal user rights access forms.

Fill in the relevant information.

The forms should be signed and have a company stamp or a seal.

They should be submitted through the customs help tool under the classification as; Cre-

ation of user Rights.

For the external stakeholders, it can be downloaded from the Single Window Portal on this link https://help.ura.go.ug/downloads/uraexternal_userrights.pdf

21.4 Logging into ASYCUDA World involves the following

Go to the website address – **<http://asyworld.ura.go.ug>** and login using your user name and password. You may fail to log in if you have;

- a) Supplied a wrong password
- b) Misspelt your password
- c) May be using uppercase instead of lowercase or vice versa

A password is important because it unlocks the system for you as authorized user. It is similar to your ATM passcode that you use to withdraw or deposit money in your bank account. It should be known and used by ONLY you!! The system uses the password for identifying authorized users to access the system. A password acts like an access card when combined with your user name. A password in ASYCUDA WORLD expires after about 90 days.

Passwords must never be shared in ASYCUDA World. In the event that you shared and you discovered that you did, the URA may institute criminal charges against you and or your company's operations may be suspended among others.

21.5 Declarations in ASYCUDA World

You need the services of a clearing agent to clear any goods in ASYCUDA World on your behalf. A list of such agents is available on the URA web portal; <http://ura.go.ug> and is updated periodically.

- The importer shall log into his portal account then click on customs Agent appointment, then customs clearing agent,
- You can appoint, view or deactivate agents.
- Please note; the importer can appoint any number of clearing firm but only 3 can be active at a particular time.
- After the importer has appointed the clearing firm, the firm shall confirm the appointment either by accepting or rejecting the appointment. The agent logs into ASYCUDA World, captures declaration, validate and assesses it, and the importer/exporter pays their taxes without giving the money to the agents to pay on their behalf. In fact it is advisable that the importer does the payment (himself/herself) in the bank against the generated PRN
- A declaration is rendered submitted after assessment, with or without payment required. This is why after assessment the agent cannot do any amendment on the declaration assessed and if the payment is not made within the specified period the importer TIN is suspended in the system. Any amendment of the information provided on the declaration after assessment is made by customs.

Before assessment, all the necessary documents shall be scanned and attached to the declaration. Such scanned documents should not be greater than 500 kilobytes (KBs) in size.

You may need to come to URA if customs require you to provide additional information to complete a customs clearance such as physical examination of goods. However, it is envisaged that the declarants may not need to come to Customs offices since documents

can be scanned and submitted from wherever one is using the internet.

No declaration shall be processed by customs if the payment is required and no payment has been done.

21.6 Tracking a customs declaration

There is a query module in the system where an officer will query the entry/ declaration and the agent shall reply any query or inquiry made on the entry lodged within the ASY-CUDA system.

Importers and clearing agents may also send inquiries on customs clearances through the customs help-tool and select the right classification. Entry status can also be viewed on the help tool by a particular importer.

22.0 CUSTOMS TRADE FACILITATION INITIATIVES

22.1 Security and Facilitation in a global Environment (SAFE)

SAFE is a World Customs Organization (WCO) standard frame work document developed by the WCO member countries represented by their heads of Revenue administrations at its headquarters in Brussels in 2005 with major objectives of enhancing trade facilitation and promoting supply chain security. The SAFE has got three major pillars;

(a) Customs-to-Customs network arrangements

This emphasizes the need for customs administrations globally to build closer working relationships to enable

Customs receive advance cargo information and proceed with pre arrival clearance of the cargo, thereby saving the clients' time.

Harmonization of Customs procedures with other authorities that reduces cost of doing business

Ease exchange information on risky cargo which poses a security threat to society among the different customs authorities

(b) Customs-to Business Partnerships

The second pillar, is where the Authorized Economic Operator Scheme (AEO) is derived from. Each Customs administration establishes partnership with the private sector in order to involve it in ensuring the safety and security of the international trade supply chain. These receive tangible benefits in such partnerships in the form of expedited processing and other measures.

(c) Customs-to-Other Government Agencies co-operation.

There are many governmental agencies which cooperate with Customs in the area of supply chain security. This is where we have the Coordinated Border Management and Electronic Single Window Compendiums that impact on and guide cooperation between Customs and

Other Government Agencies and Inter-Government Agencies.

All these standards are geared towards enhancing trade facilitation and promoting supply chain security.

22.2 AEO as a trade facilitation tool

Authorized Economic Operator program is a trade facilitation initiative derived from the

World Customs Organization Safe Framework of Standards which Uganda Revenue Authority Customs Department implemented in a bid to facilitate trade and promote security of the international trade supply chain.

Uganda Customs therefore seeks to build mutual partnership with businesses that consistently strive to comply with Customs Laws and regulations and in return, such businesses will benefit from the Customs preferential treatments and simplified procedures in the clearance process proposed under the AEO Program.

22.2.1 Defining who an AEO is

An AEO is an individual, a business entity or a government department that is involved in international trade and is duly authorized by the Commissioner of Customs of Uganda Revenue Authority. Prospective clients include

- Manufacturers (who are involved in export and import)
- Customs clearing agents
- Bonded ware house keepers
- Importers and Exporters
- Transporters and Freight forwarders

22.2.2 Objectives of the Uganda AEO scheme

- Enhance international trade facilitation by promoting and rewarding good business practices.
- Promote Customs to business partnership
- Promote Customs to Customs partnerships
- Promote government inter-Agency (Customs to government Agency partnerships)
- Promote security of international trade supply chain
- Promote voluntary compliance to customs laws and procedures among our clients

22.2.3 Eligibility criteria for becoming an AEO

Customs has developed eligibility criteria, in this criteria is a MUST do list that an intending individual/business should qualify for or is willing to attain in order to be authorized by the Commissioner of Customs.

- i. The individual/business must be involved in international trade.
- ii. Be able to install and use the customs automated system e.g. Asycuda, e-tax.
- iii. Must have a good compliance history with Uganda Revenue Authority of at least three years.
- iv. Must be financially sound\should not have filed for bankruptcy in the past.
- v. Must have implemented the AEO compliance program.

22.2.4 Step by step process of attaining an AEO status

Step 1: Expression of Interest in writing to the Commissioner Customs Department

Step 2: Preliminary consultation with Customs AEO Team: Interested parties are provided with information about the AEO Program

Step 3: Application; a prescribed form is submitted to Customs with the relevant supporting documents

Step 4: Vetting of Applicant; Customs vets the application and all the supporting documents to confirm whether the Applicant is eligible

Step 5: On-site Inspection; Customs conducts inspection of the Applicants premises to confirm the information provided in application form and supporting documents

Step 6: Authorization; upon satisfying all the requirements the applicant is approved as a

Customs Authorized Economic Operator by the Commissioner Customs

22.2.5 Immediate benefits of the AEO Program to Business

- i. Pre-arrival clearance of cargo; i.e. the importer or exporter can process the documents for their cargo with customs prior to the arrival of cargo at the customs area/port.
- ii. Reduction in average clearance time observed so far: Clearance Time reduction from Mombasa to Kampala from 18days to 4Hrs & Average OSBP Border Clearance 30minutes from 4hours
- iii. Priority treatment at all times while dealing with Customs. Customs will fast track the process of cargo clearance for the AEO clients, giving them priority over others.
- iv. Choice of place of physical examination in case there is need to perform physical examination on cargo. The AEO client will have the opportunity to select any convenient place for the examination of their cargo should their cargo be selected for examination to avoid multiple loadings & off loadings which helps him save the cost.
- v. Automatic renewal of Customs licenses like Agency and Bonded Warehouse licenses.
- vi. Withholding Tax exemption
- vii. Priority to participate in URA activities
- viii. Secured parking space at the URA Tower
- ix. AEO national working Group, an advocacy team for better management of the Program

22.2.6 Long term benefits to the business;

- i. Reduction in the Cost of doing business.
- ii. Enhanced reputation and image.
- iii. Increased business turnover.
- iv. Improved quality of service.
- v. Trustworthy and compliant business.
- vi. Improved Internal Control Systems.
- vii. Mutual Recognition.

22.2.7 The Regional AEO program (EAC Region)

At the Regional level, the Customs Administrations in the East African Community adopted the Authorized Economic Operator (AEO) Policy Framework that aims at increasing Revenue performance through facilitating trade, strengthening the customs to business partnership as well as securing the regional and ultimately, global supply chain.

The regional AEO program therefore runs alongside the national program. An applicant to the regional AEO is expected to be familiar with the AEO Program after having participated as a National AEO Operator.

22.2.8 Carrying out business outside Uganda as a Ugandan AEO

There is an arrangement under the AEO Program called Mutual Recognition Arrangement, aimed at extending recognition of the AEO status to countries with whom we have signed the Arrangement.

It involves a country's government, formally recognizing the AEO Program of another country's Program and thereby granting benefits to the AEOs of that country.

This can be at a bilateral, or multilateral arrangements. For this to happen;

The AEO programs in both countries should be consistent with the WCO SAFE Framework of standards. Standards are applied in a uniform manner so that one Customs administration may have confidence in the authorization of another country.

22.2.9 Trade facilitation benefits to the regional AEO operators

The AEO shall be allowed under the EAC Regional Authorized Economic Operator Program to enjoy the following benefits;

Importers/Exporters/Manufacturers

- Expedited processing of entries/declarations – AEO declarations will be given priority throughout the whole clearance process. This will include;
 - o Automatic passing of declaration.
 - o Once all conditions for lodgment of a declaration are fulfilled by the AEO, the declaration shall be lodged and thereafter system released.
 - o No physical or document examination except for random or risk based interventions/exceptional cases. Where the AEO declaration is randomly selected to the red or yellow lane, priority treatment shall be given during examination. The AEO shall also have the option to choose the location for the physical examination.
- Expedited payment of refund claim. Priority shall be given in processing of the refund claims. Where applicable, some procedures will be simplified for the AEO.
- Reduced Customs security wherever applicable. Subject to relevant provisions of law/regulations, consideration for a lower Customs security on a case-to-case basis will be granted to the AEO.

Customs Agents

- Guaranteed renewal of Customs agent's license
- The renewal of the AEO Customs Agent's license shall not be subject to the vetting process but the AEO shall be required to make payment for licensing fees and any other related payments.
- Priority to participate in Customs initiatives.
- The AEO will be given first opportunity to take part in new trade facilitation initiatives within EAC Revenue Authorities.
- Priority treatment in cargo clearance chain.
- Any consignment declared by the AEO Customs Agent will be processed before the non-AEO declarations.
- Waiver of movement bond for AEO
- The AEO's goods in transit to the warehouses will be exempted from movement bond requirements. This will only apply to consignments where the Importer/Exporter, Customs Agents, and the transporter are ALL AEOs.

Transporters

- Guaranteed renewal of transit goods license and any other licenses issued by Customs: The renewal of licenses issued by Customs will not be subject to the vetting process but the AEO shall be required to make payment for licensing fees and any other related payments.
- Exemption from the mandatory use of Customs Electronic Cargo Tracking System (ECTS): In cases where the ECTS is required, the AEO will enjoy the benefit of optional use of ECTS.
- Priority clearance at the borders: Consignments transported by the AEO will enjoy expedited border processes.

Warehouse Operators

- Self-management of bonded warehouse: The AEO will be granted the privileged to self-manage his/her bonded warehouse. Self-managed Bonded Warehouse is a facility extended to a warehousing Operator where the responsibilities of a Customs Officer are delegated to the Bonded Warehouse Operator. The Warehouse Operator is required to adhere to the provisions of the law and any other conditions that may be given by the Commissioner. This enhances flexibility of Bonded Warehouse Operations in terms of time and cost.
- Guaranteed renewal of AEO Warehouse Operator's license: An AEO shall not be subject to the vetting process but the AEO shall be required to make payment for licensing fees and any other related payments.
- Reduced Customs security wherever applicable: Subject to relevant provisions of law/regulations, consideration for a lower Customs security on a case-to-case basis will be for an AEO.

22.2.10 Treatment of AEOs under special circumstances

22.2.11 Verification of AEO consignments

All AEO importers are blue lane companies which means risks are addressed through post importation audit, examination can only be made on a risk-based assessment.

In the event that system challenges arise, the Manager, Supervisors and Station heads always ensure that AEOs are given priority.

22.2.12 AEO Agent clearing non AEO client

The AEO agent is given priority treatment, the transaction will none the less go through normal procedures as required.

23.2.13 AEO client cleared by non AEO agent

The AEO client gets all the benefits enjoyed by an AEO

22.2.14 Outstanding/ audit queries on AEO transactions

In case of AEO outstanding transactions/audit queries, the supervisor AEO center and customs audit division contact the AEO to give him/her an opportunity to explain the case and resolve the issue. In the event that there's information that points to noncompliance with AEOs, this is immediately brought to the attention of the Assistant Commissioner Customs audit.

22.3 Regional Electronic Cargo Tracking System (RECTS)

With the support of Department for International Development (DFID) through Trade-mark East Africa (TMEA) the three EAC countries Kenya, Uganda and Rwanda were able to implement a Regional Electronic Cargo Tracking System that provides 24x7 real time monitoring of transit goods.

The system which is premised on GPS technology offers real time location of a truck on which an electronic seal is attached and an alert is triggered in-case of tampering or diversion of such a truck.

RECTS aims at;

- i. Having a harmonized regional e-monitoring that eases tracking of transit cargo and is done in the different Central Monitoring Centers (Kampala, Kigali, Nairobi and DRC) thereby facilitating a single view of cargo tracking along the corridor.
- ii. Protecting government revenue through minimizing diversion of Transit Cargo.
- iii. Enhancing transit information exchange among the user EAC countries.
- iv. Eliminating Non-Tariff Barriers (NTBs), in order to reduce transit times (border scenario) and reduce the cost of doing business.
- v. Align the ECTS with the Single Customs Territory and the Regional Customs Transit Guarantee (RCTG) Bond. (One declaration, one bond, one tracking system).
- vi. Reduced clearance times given the seamless flow of transit cargo and cost of doing business
- vii. Enhanced Cargo security since system provides real time detection of transit violations and rapid response teams are on standby to counteract any violation.
- viii. Monitoring Truck driver compliance with through the Regional Electronic Cargo Tracking integration with the Driver System (RECTDS).

22.3.1 How RECTS works

- The system uses GPS/GPRS technology, an effective tracking technology
- Targeted units, box body trucks, tankers and containers ferrying transit goods under URA's control are fitted with a tracking device which sends the seal status, truck location and any violation information to URA on real time basis.
- Once the seal is activated, cargo is monitored from start to destination.
- The truck is expected to move along gazette geo-fenced routes.
- Everything that happens to the cargo is recorded and reported simultaneously with every incident being time stamped together with the location of occurrence.
- Any violation including movement outside the geo-fenced route or tampering with the seal is detected and reported immediately to the Central Monitoring Centre (CMC)
- Alerts are sent both via e-mail and SMS to pre-defined persons.
- The Rapid Response Unit (RRU) deployed at strategic points reacts to alerts as directed by the CMC
- Truck driver equipped with smart phones, installed with RECTDS are monitored during the transit movement.

22.3.2 Benefits of RECTS**To the private sector**

- There is reduced cost of doing business.
- Currently we are tracking 25% of National cargo in Transit and 75% of maritime cargo. 100% of exports to Kenya are all e-tracked.
- Transit time has reduced from 7 to 2 days for National transits and 14 to 5 days regional Transits. Real time monitoring has left no room for time wastage on transit routes.
- Delayed departure results into accumulation of demurrage
- Real-time monitoring of transit cargo.
- Safe and secure arrival of the goods to their destination
- The transporters, clearing and freight forwarders have an opportunity to efficiently monitor their respective businesses in the logistics supply chain
- The clearing agents are saved the burden of suspension due to transit diversion
- Better negotiation grounds for discount on insurance costs.

To Transporters

- Ability to see the location of their trucks all the time using their mobile devices.
- ECTS provides a system report as evidence of arrival at destination.
- Transporters can monitor the effectiveness of their drivers i.e. speed, location of parking, diversion from agreed routes
- Reduced costs i.e. fuel, facilitation for drivers.
- Increased turnover due to reduced customs physical controls, hence more income
- Reduced tear and wear and increased life span of the truck due to full time monitoring.
- Transporters are able to bill their clients more accurately.
- Improved customer service.
- Ability to manage and communicate with your fleet via mobile device and receive exceptional alerts when the consignee is away from office.
- Insurance discounts due to the enhanced confidence from an assured business tracking system.
- Theft recovery; minute by minute tracking helps to identify the exact location of one's vehicle which enhances theft recovery.

To Manufacturers

- Fair terms of trade due to system efficiency.
- Monitoring goods in their warehouses.
- Reduced costs i.e. on escort charges, fuel, facilitation for drivers.
- Increased turnover due to reduced customs physical controls, hence more income
- A manufacturer is able to bill his/ her clients more accurately.
- Ability to monitor the location of their goods all the time.
- Provide system report as evidence of arrival at destination.
- Theft recovery; minute by minute tracking helps to identify the exact location of your goods hence enhancing theft recovery.

22.3.3 Obligations of each party in the RECTS functionality

Transporters:

- Fulfil the terms and conditions for trucks licensed to carry goods in Transit
- Pay the Transit Goods License as required by the EACCMA 2004
- Supervise drivers to ensure compliance with the transit rules and regulations

Drivers

- Provide accurate information in form of preceding transaction clearance documents.
- Submit the correct personal mobile contacts for ease of contact.
- Keep within the gazetted transit routes while conveying transit goods.
- Report any transit incidences to the nearest Customs station on time.
- Respond to inquiries and queries posed by Customs in the course of movement.

Clearing agents:

- Execute a transit Bond with the Insurance companies.
- Prepare accurate transit declarations (IM8), and attach all the necessary accompanying documents.
- Account for all the outstanding transit transactions within the schedule.

Customs

Monitor the movement of goods in Transit to avert possible diversion. This is done through:

- Generation of the Transit document (T1).
- Respond to transit incidences (e.g. seal breakage and cargo diversion among others).
- Facilitate transit related activities like transshipments and change of destinations
- Respond to Transit Alerts generated in the course of Transit, and
- System validation of arrival at the destination station.

22.4 Uganda Electronic Single Window (UESW)

The UESW provides a platform on which all parties involved in trade and transport can lodge standardized information and documents at a single point to fulfill all import, export, and transit -related regulatory requirements. The System is built on ASYCUDA World platform and shall be used by majority of the government agencies and clients to perform international trade related transactions.

The Vision:

To be leading single access platform for international trade facilitation

The Mission:

To provide transparent, efficient, integrated electronic environment that will reduce the cost of doing business and increase trade competitiveness

22.4.1 Reasons for implementing the Electronic Single Window

To develop and implement the UESW system that is fully automated and web based in order to facilitate trade through;

- Efficiency; streamlined procedures that are cost effective
- Transparency; i.e. accurate, reliable and timely information online
- Competitiveness; through improved conditions of doing business, capacity building and use of technology

22.4.2 Why Government of Uganda embarked on the National Electronic Single Window project

- Establishing a system to allow importers and exporters submit trade related. information electronically to fulfil import, export and transit regulatory requirements
- Enabling users to track the progress in respect to processing.
- Regulatory agencies can also inform traders and their representatives of the progress of the transactions.

22.4.3 Expected benefits/outcomes

- 30% reduction in transaction costs for the private sector at URA, NDA, UNBS, UCDA, MAAIF, MEMD and UEPB including demurrage, administrative costs and improved service delivery.
- 30% reduction in the average trade document processing time (days) at the above institutions;
- 30% reduction in number of documents (physical paper) required for clearance of exports, imports and transit through the elimination of duplicate processes especially by regulators; and
- A fully operational NESW system designed and operational at all major public and private sector trade regulatory institutions.

22.4.4 Impact of Single Window on agency business processes

- The development of UESW system has automated 22 out of 30 border intervening

agencies and economic operators who are now able to issue permits and certificates electronically.

- Improved collaboration between government agencies.
- Platform is a catalyst for e-government given the targeted scope of the 30 MDAs.
- Upgrading of the Customs ASYCUDA World system.
- Development of the Single Transaction Portal (STP) that includes bringing together all traders applications usually done by different agencies e-portals in to a single portal through which all traders will only transact with.
- Standardized forms for all agencies and system linkages.
- Streamlined processes and one stop shop for trade and clearance information.
- Real time communication and follow up transactions between agencies.
- The system enables agencies build strong risk management systems to monitor –accurate information, the compliance history and analyze risk. They are able to focus on real risk (for examination), target efficiently (document check), accelerate checks, and improve post audit.
- Linked agency systems to ease the clearance process.
- Integrate same data in both systems, to be used for different purposes.
- Reduction of clearance time and costs of doing business.
- Transparency in the supply chain, increased revenues.
- High turnover due to ease of import, transit and export clearance procedures.
- UESW implementation has resulted in to improved cross border trade, clearance time, reduced cost of doing business, increase in revenue and provision of accurate and timely statistics have been noticed. i.e.
 - o Clearance time for imports has reduced from an average of 14 days to 4 days for selected institutions and under 2 days for exports and inspection results and quality certificates can now be shared electronically by agencies such as the UNBS & NDA to facilitate fast clearance.
 - o Before the implementation of UESW system in 2015, trading across Border index was 161 whereas it has improved to 119 in 2019. The World Bank Doing business quoted some achievements made by UESW implementation as best practice.
 - o Uganda Coffee Development Authority, one of the agencies on the Single Window system reported estimated cost savings of 1.53 billion on transport of 15,333 containers annually as a result of coffee exporters fulfilling clearance requirements online, freight forwarders have reported average savings on stationery of UGX. 50m annually.
 - o The electronic sharing of preferential certificates of origin information with Rwanda eliminated charges saving clients over \$85,966 business documentation costs in 2018.

22.4.5 Agencies involved:

Development of interfaces with the different agencies. These include:

- i. Lead Coordinating Institution: Ministry of Trade Industry and Cooperatives
- ii. Lead Agency: Uganda Revenue Authority
- iii. Ministry of Energy and Mineral development, (Fuel marking by Global Fluids International, a company contracted by the ministry to carry out fuel marking for all fuel imports into the country), Payment interface has been finalized and now fully developed.
- iv. Uganda National Chamber of Commerce (Issuance of Non-Preferential Certificates of Origin)
- v. Uganda Revenue Authority (Issuance of Preferential Certificate of Origin, automated Customs agent licensing, Bonded warehouse license module

- vi. Ministry of Trade, Industry and Corporative (licensing of tobacco exporters)
- vii. Uganda National Bureau of Standards (Sending Goods Inspection requests and Receiving Inspection results)
- viii. Ministry of Agriculture Animal Industry and Fisheries (Sending of Import and Exports Inspection requests and receiving inspection results for Fisheries, Animal and Crop Protection departments)
- ix. National Drugs Authority (Sending NDA inspection requests and receiving inspection results)
- x. Uganda Coffee Development Authority (issuance of coffee export Certificates)
- xi. Ministry of Foreign Affairs
- xii. Ministry of Trade, Industry and Cooperatives
- xiii. Dairy Development Authority
- xiv. Uganda Free Zones Authority
- xv. Warehouse Operators
- xvi. Clearing Agencies
- xvii. Transporters
- xviii. Airlines
- xix. Uganda Communications Commission
- xx. Ministry of Water and Environment (Timber)
- xxi. Atomic Energy Council

22.4.6 Reasons for implementing the Electronic Single Window

- To develop and implement the UESW system that is fully automated and web based in order to facilitate trade through;
- Efficiency; streamlined procedures that are cost effective
- Transparency; i.e. accurate, reliable and timely information online
- Competitiveness; through improved conditions of doing business, capacity building and use of technology

22.4.7 Why Government of Uganda embarked on the National Electronic Single Window project

- Establishing a system to allow importers and exporters submit trade related information electronically to fulfil import, export and transit regulatory requirements
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22.4.8 Expected benefits/outcomes

- 30% reduction in transaction costs for the private sector at URA, NDA, UNBS, UCDA, MAAIF, MEMD and UEPB including demurrage, administrative costs and improved service delivery
- 30% reduction in the average trade document processing time (days) at the above institutions;
- 30% reduction in number of documents (physical paper) required for clearance of exports, imports and transit through the elimination of duplicate processes especially by regulators; and
- A fully operational NESW system designed and operational at all major public and private sector trade regulatory institutions.

22.5 The Document Processing Centre (DPC)

Uganda Revenue Authority, Customs Department reengineered the Customs Clearance procedures by implementing a Centralized Document Processing Centre (DPC) on the 25th of November, 2016 with an aim of achieving the following:

22.5.1 Objectives

1. Shorten customs declaration processing time by;
 - Receiving declarations online and processing them relying on the scanned attached documents.
 - Dedicating a team of all round experienced customs staff to man the DPC.
 - Isolating the DPC team from distractions/disruptions and to create a highly productive environment.
2. Improve management control over the declaration processing function by ensuring that headquarter functions such as tariff, valuation, enforcement, National Targeting Centre and others, monitor the process and intervene in real time.
3. Enhance transparency in the clearance process and reduce clearance time.
4. Enhance electronic clearance communication regarding document statuses via email or SMS, with the identities of the officials remaining anonymous to the trader.

22.5.2 Benefits of DPC implementation.

- Improved productivity
- Integrity Enhancement
- Improved professionalism
- Enhancement of specialization
- Improved control of declaration processing
- Easy Implementation of Standard Operating Procedures.

PART D | Special Features of the Taxes Administered by the URA

1.1 Payment of Tax

The law allows the Commissioner General to enforce the collection of tax that has been assessed where the assessed person has refused or failed to comply.

In this case, the taxes may be collected using various methods, such as:

By Distress: Whereby goods on which the assessed person has a claim are sold in order to recover tax

By Agency Notice: Whereby a person who has money or other liability of the assessed person is required to pay the held amount directly to the URA

From Receiver: They recover debts from the taxpayer.

1.2 Regulations

The Minister responsible for Finance and in respect of customs taxes at the EAC makes regulations for the better carrying out of the provisions of the main Acts.

The regulations other than for customs are made by way of Statutory Instruments, which include:

- a. The VAT Regulations.
- b. Distract Rules.

c. Withholding Tax Regulations.

1.3 Rulings

1.3.1 Practice Notes

To achieve consistency in the administration of taxes and to provide guidance to taxpayers and officers of the URA, the Commissioner may issue practice notes setting out the Commissioner's interpretation of the Income Tax Act and Value Added Tax Act. However practice notes are not binding on the taxpayers though binding on the Commissioner General until revoked.

1.3.2 Private Rulings

A taxpayer may apply in writing to the Commissioner seeking the Commissioner's position regarding the application of a taxation Act to a transaction proposed entered into by a taxpayer. A taxpayer in this case is required to make full disclosure of the circumstances of the transactions and to apply it as stated.

A private ruling can then be made to the taxpayer on the facts disclosed. However where there is any inconsistency between a practice note and a private ruling, priority is given to the terms of the private ruling.

1.4 Remission of Tax

In some cases, tax cannot be recovered from a taxpayer by reason of:

- i. Consideration of hardship.
- ii. Impossibility, undue difficulty or excessive cost of recovery in such cases.

However, this is subject to the Commissioner General's opinion which is also subject to the Minister's approval.

1.5 Double Taxation Treaties

Uganda has treaties with some countries such as the United Kingdom, Netherlands, South Africa, Denmark, Mauritius, India and Italy, which provide different tax regimes from that in the Income Tax Act i.e. different tax regimes from that in the Income Tax Act i.e. different tax rates for dividends, interest, royalties, technical and management fees, among others.

Note: It is important to observe that the terms treaty or international agreement prevail over the provisions of the Income Tax Act.



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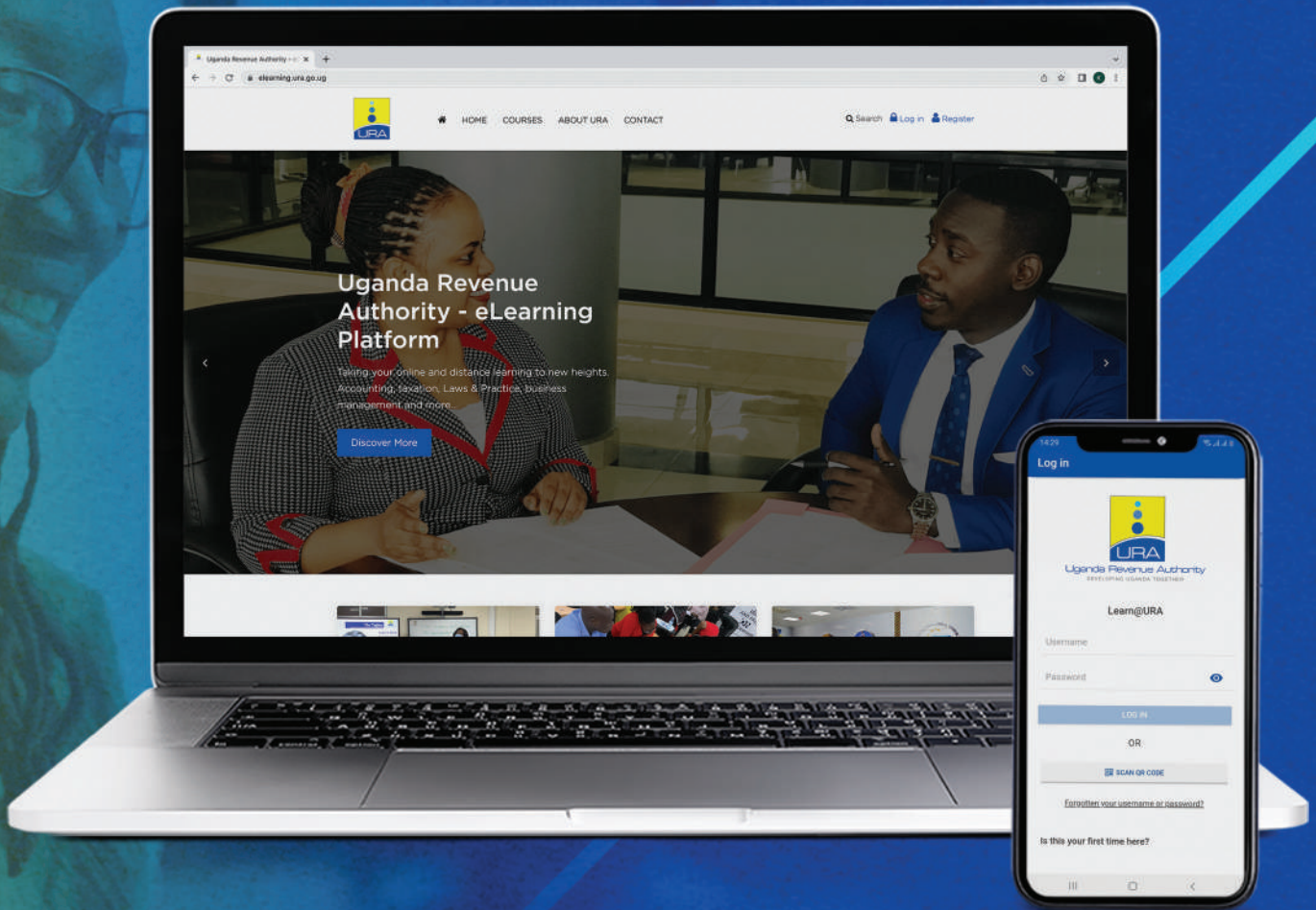
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