



UGANDANS RACE TO GROW THE TAX RATIO



WHO PAYS UGANDA'S TAX

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Fellow Citizens,

I would like to thank everyone who filed and paid their taxes on time and in the right amount last financial year, your country is proud of you. When you perform your civic duty each year, you help fund critical aspects of Uganda's social amenities ranging from schools, roads, hospitals and the Nation's security. Therefore, I urge all of us to be compliant with our tax obligations as we mobilize UGX 29.7 trillion next financial year.

As URA, we pledge our availability, support and commitment to make available the information, services and technical support that you need to get on board.

We also have a social contract with the

people of Uganda premised on our vision of mobilizing revenue for our nation's development in a transparent and efficient manner. This includes a delightful service and facilitating tax payment at the lowest cost possible to the taxpayer. In the same regard, our taxpayers are expected to pay their fair share of tax. And in order to ease your tax payment, we have continued to automate our systems.

Through technology, we have intensified intelligence guided operations leveraging the use of Non-Intrusive Inspection technology at the border points and field intelligence enforcement operations.

As an institution, we will continue to equip taxpayers with the relevant knowledge

FOREWORD FROM THE COMMISSIONER GENERAL

of their responsibilities, rights, obligations to tax, and the importance of business formalization.

We will leverage on partnerships with key stakeholders, especially in information exchange and third-party data integration and analysis, to identify unregistered persons to expand our taxpayer register and assess tax accurately.

My prayer for you therefore, is that you will invest time and personal effort to pay taxes to support Government's expenditure programs and priorities. This way, our country will be delivered from dependence and borrowing.

Thank you for your continued support to our great nation. We are very proud of your role in keeping Uganda moving and running forward.

For God and My Country

John Rujoki Musinguzi,
Commissioner General



EDITOR'S NOTE

Dear Taxpayers,

I would like to thank you for the efforts you have made toward developing our country Uganda through the taxes you have paid last financial year.

Our country has witnessed significant economic growth in the past years and this is visible in the vibrant economic activity in our major towns. The results of improved livelihoods of our people are also visible.

The revenue mobilization effort therefore is by all of us who are engaged in profitable economic activity to support Government's expenditure programmes and priorities.

It is incumbent upon all of us to be compliant with our tax obligations for this to happen.

For those of you that are doing your part to diligently pay your tax-

es on time and in the right amount, your country is proud of you.

Those of you that are still lagging behind, we pledge our availability as URA to listen to you so that you can voluntarily comply.

We shall also increase our face-to-face tax education interaction and equip you with all the necessary information that you need for your businesses to help you become compliant. We shall continue to offer tailor-made education to the various taxpayer segments and improve on our service delivery platforms so that you are enabled to pay your taxes with ease. I additionally pledge to work with you, through appropriate and mutually beneficial stakeholder engagements and partnerships.

We thank you for your business and we are available on our various channels and platforms to support and enforce your compliance, where necessary as we continue to

Develop Uganda Together!

Ibrahim Kibuka Bbosa
Assistant Commissioner, Public & Corporate Affairs, URA

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WHO PAYS UGANDA'S TAX

By Annet Nantongo

There have been public outcries over the alleged unfair taxation in Uganda that has led to closure of some businesses. However, the jigsaw puzzle of who actually pays is still complex.

URA currently has more than 3.2 million registered taxpayers most of whom are individuals. In terms of taxpayers registered by tax heads by May, income tax had over 2.47 million taxpayers, import and exports had 1,123,891 taxpayers, and PAYE had 46,443 taxpayers. In addition, VAT had 31,308 taxpayers, 732,516 for stamp duty, 952 for local excise duty,

141 taxpayers for gaming and pool betting tax, and 9,791 taxpayers for withholding tax.

In terms of revenue contributions from the financial year 2021/2022, PAYE topped the direct domestic taxes for the last 3 financial years with UGX 3,634Bn in FY 2021/2022, followed by corporate tax with UGX 1,635Bn, and withholding tax at UGX 1,177Bn for the same period.

The biggest contributor for indirect domestic taxes in terms of excise duty is beer with UGX 322Bn, followed by phone talk time at UGX 289Bn, and soft drinks at UGX 176Bn for the last financial year. These



URA staff hand over an Electronic Fiscal Device to one of the lucky Taxpayers

three have topped excise duty contributions for the last three consecutive financial years.

The highest VAT contributions came from phone talk time with UGX 248Bn, followed by Electricity with UGX 195Bn and beer at UGX 152Bn. However, it is notable that whereas there was no data on other goods and services for last financial year, this VAT contributor has always had the highest collections of over UGX 1 trillion.

VAT on imports brings in the highest collections for international taxes and it contributed UGX 3,291Bn last financial year, followed by petroleum duty with UGX 2,686Bn and import duty which contributed UGX 1,557Bn. The three topped the year on year international tax collections.

For the business income bracket, the largest number of taxpayers belong to the business income gap of less than UGX 50M with 48,983 taxpayers in FY 2021/2022 followed by the income bracket of UGX 50m to UGX 500m with 3,923 taxpayers. However, there was a decline in the number of taxpayers in these two

income brackets compared to FY 2018/2019 where they had 78,302 taxpayers and 10,385 taxpayers respectively. The decline is largely attributed to the effects that the COVID-19 pandemic had on Uganda's businesses and the economy globally.

URA classifies taxpayers with an annual turnover of UGX 30 billion as large taxpayers. From the Taxmandata, this taxpayer class (with business income between UGX 30Bn to 100bn) shows a decline in the number of taxpayers in the category given that FY 2018/2018 had 1,155 taxpayers, FY 2019/2020 had 1,126 taxpayers, FY 2020/2021 had 21, while FY 2021/2022 had 46 taxpayers in this category.

It's noteworthy that the large taxpayers contribute over 70% of total revenue annually from the different sectors, tax heads and income groups classified by URA.

The wholesale and retail trade; repair of motor vehicles and motorcycles sector has topped year-on-year sectoral revenue collections for the last three financial years. In FY 2021/2022, this sector contributed UGX 6,203Bn followed by manufacturing with UGX 4,998Bn collections, and financial and insurance services with UGX 2,306Bn.

While the Uganda Registration Services Bureau (URSB) business register has over 220,000 registered businesses, the URA commissioner General, John Musinguzi, recently noted that there are an additional 5.2 million Ugandans engaged in economic activities and fit to contribute revenue to the national coffers but are not. This leaves the question on where all these businesses are and their stand in their tax affairs.

Government deployed the Domestic Revenue Mobilisation Strategy that seeks to grow more collections in domestic taxes with key outcomes such as advancing Uganda's tax to GDP ratio to at least 18% by FY 2024/24. As a result, systems such as EFRIS, DTS, automation of ledger reconciliation and TIN registration have been introduced to grow the domestic taxpayer register, expand the tax base and ultimately grow revenue collections by on-boarding the unregistered potential taxpayers lurking in the dark.





MUSINGUZI IS GROWING UGANDA'S TAXPAYER REGISTER TIN BY TIN

By Winiefred Akinyi

When Commissioner General John R. Musinguzi joined URA in 2020, one of his focus areas was expanding the tax base. Growth of the tax base is vital as it indicates an increase in the number of taxpayers which directly translates to increase in revenue. In his own words, Musinguzi intends to grow the register to 5 million taxpayers by 2025.

The dream is not farfetched as under his stewardship, the authority has managed to register over 1.8 million new taxpayers since 2020. Statistics indicate that Uganda's taxpayer register has grown exponentially in the last three years with the number of registered taxpayers increasing from 1,783,167 in 2020/2021 to 3,311,083 in 2022/2023.

While presenting the half-year revenue performance report for the FY 2022-23, Musinguzi credited growth in the tax base as one of the reasons for improvement in collections by the Authority. URA data also indicates that new taxpayers contribute over 200 billion in revenue every year.

This steadfast growth is attributed to initiatives like instant TIN registration, tax education and sensitization of business communities, recruitment of more staff to focus on register expansion, the mobile bus tax office that brings URA services closer to taxpayers, continuous identification of untapped areas, use of third-party data and the Taxpayer Expansion Registration Program (TREP)

among others.

Growth of the tax register is also credited to the policy amendment enacted in the 2021 which requires government authorities and regulators to issue licenses only to persons with TINs. This has enhanced registration especially from trading license issuers- Kampala Capital City Authority and Ministry of Local Government.

According to the Commissioner Domestic Taxes Sarah Chelangat, focus has been put on adding players from the informal sector as it hosts Small and Medium Enterprises which she says are the future of revenue mobilization. She adds that majority of SME's are owned by Ugandans hence there is a high probability of them conducting business and re-investing profits in Uganda compared to foreign-owned businesses that repatriate profits and can shift to other Countries.

Chelangat however notes that the authority faces a challenge of constant cleaning of the register due to the high mortality rate of businesses in Uganda, relocation of businesses and individuals, mutation of taxpayers and amalgamation among others. All these factors lead to fluctuation of the taxpayer register.

Despite the above challenges, there has been an increase in the tax paying population which has driven growth in revenue collections.



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MPA E-RECEIPT YANGE: URA'S CONSUMER CAMPAIGN TO IMPROVE VAT COLLECTIONS

By Rytter K. Muzira

If you are a business owner or a consumer in Uganda who has been actively participating in the past three years, there is a strong likelihood that you have heard of the Electronic Fiscal Receipting and Invoicing System (EFRIS).

EFRIS is a system that allows registered businesses dealing in goods and services to issue electronic receipts and invoices to their customers. This system, meant to improve tax compliance and reduce tax evasion and also enhance record keeping, started with VAT-eligible taxpayers in 2020.

Be that as it may, EFRIS adoption has been sluggish among a small section of businesses that have been reluctant to adopt the new system, resulting in a dip in VAT collections despite the fact that these businesses charge VAT. VAT is a tax on consumption paid by the final consumers, but collected and remitted to URA by businesses along the supply chain.

Since VAT is a tax applied to a wide range of goods and services, VAT has the potential of broadening the tax base and reducing tax evasion and avoidance thereby boosting Uganda's domestic revenue mobilization efforts to attain middle-income status. However, research shows that most businesses that collect it do not remit it to URA thereby cheating the government and the people who pay it their rightful share of tax revenue.

VAT accounts for 30% of URA's total tax collections, according to URA data. Since the introduction of EFRIS three years ago, this tax head's performance

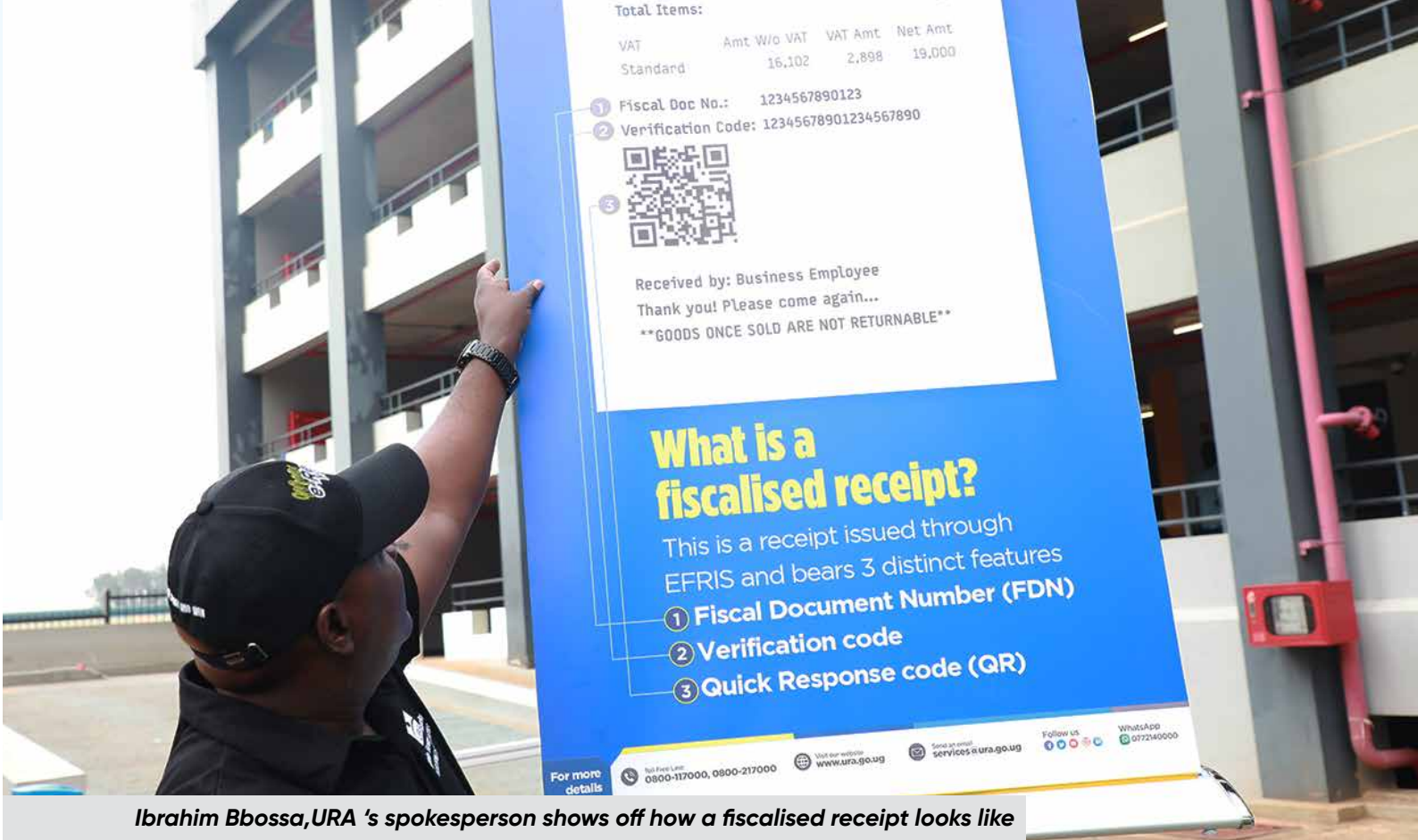
has grown by 43%. With optimal adoption of the EFRIS solution, this performance has the potential to grow significantly due to the nature of businesses that trade in VAT-able goods and services.

To spur this growth, URA has launched the "Mpa e-receipt yange" campaign to encourage consumers to demand fiscalised receipts whenever they make purchases from registered businesses. These receipts are one sure way that the indirect taxes that a consumer pays on every purchase are remitted to the consolidated fund since the transaction details are transmitted to the URA database in real-time.

The campaign, which will run for three months from June to August 2023, will also reward consumers who submit fiscalised receipts through the Mpa e-receipt yange app or on the URA website. Various prizes are up for grabs including a fully paid trip for two, motorcycles, refrigerators, laptops and many more.

What is a fiscalised receipt?

This is a type of receipt issued by a taxpayer who is registered for EFRIS. This receipt bears three key distinct features namely: Fiscal Document Number, Verification Code and a quick response code (QR code). It also contains information such as the seller's name, address, date and time of the transaction, amount paid and the VAT charged. Once a transaction is completed, information is transmitted to the URA database in real-time, which enables the authority to monitor and audit the transactions.



Ibrahim Bbossa,URA 's spokesperson shows off how a fiscalised receipt looks like

Why you should ask for a fiscalised receipt.

This receipt is your guarantee for protection as a consumer because it is the proof of purchase that you can use to claim a warranty, return an item, exchange, or even demand a refund if you are not satisfied with the product or service. It also helps you avoid fraud or scams by verifying the authenticity of the seller and the transaction. It places you and the seller in verifiable touch.

On a grand scale, fiscalised receipts support the economy and social welfare of society by preventing tax evasion ensuring ensures that the seller pays the correct amount of taxes.

Additionally, these receipts promote fair competition and innovation by creating a level playing field for businesses, as they all have to comply with the same tax rules and regulations. EFRIS averts underreporting of income and inflation of expenses.

Fiscalized receipts help businesses to have accurate records which aids these businesses to claim and access refunds on their business expenses much faster.

How to participate in the Mpa e-receipt yange campaign

To join the campaign, you need to take the following steps:-

1. Download the MPA e-receipt app from Google **Play Store** or **Apple App Store** or visit **receiptyange.ura.go.ug**
2. **Create an account** using your phone number or email address.
3. Upload your fiscalised receipts **Fiscal Document Number** using the app or website.
4. The more receipts you submit, the more chances of winning.
5. URA will announce weekly winners via all communication platforms.

Mpa Ereceipt Yange is a countrywide campaign that poses a great opportunity for consumers to win prizes while embracing the culture of demanding and keeping their e-receipts. In turn, consumers will be more in touch with their daily expenditures while business owners will become better bookkeepers and more compliant taxpayers. Government stands to mobilize VAT more accurately and an increased VAT yield will translate into more money for funding public services.

Everybody wins with e-receipts.



The Commissioner General (L) shares a light moment with one of the winners of the Mpa e-Receipt Yange campaign

URA STARTS CAMPAIGN TO PROMOTE EFRIS USE

By Akinyi Winiefred

Uganda Revenue Authority launched the “mpa e-receipt yange” campaign to promote usage of the Electronic Fiscal Receipting and Invoicing System (EFRIS) through consumer demand for fiscalised receipts when they make purchases.

The campaign, which will run for three months, will see participants win various prizes when they submit fiscalised receipts through the MPA e-receipt app or on the URA website.

While launching the campaign, Commissioner General John Musinguzi said the goal of the campaign is to drive a culture of accountability and record-keeping.

“These are two important ingredients for any business to succeed. For any economy to develop, we need to have accurate records for us to know the growth of our businesses and for us as consumers to know how much we are spending,” Musinguzi said.

He said that if EFRIS is successfully implemented, taxpayers won’t need to file returns because they will be generated automatically using the data given by the system.

Despite the slow uptake, introduction of EFRIS has improved VAT revenues, according to Sarah Chelangat, Commissioner for Domestic Taxes.

“For this financial year alone and since the launch of EFRIS, we have seen VAT grow by about 43%; we can have this grow up to 100% if each one of us embraces the e-receipt campaign,” she said.

Thadeus Musoke, the Ag. Chairperson KACITA, urged business owners to adopt EFRIS saying it will level the playing field for those who pay by bringing in non-compliant businesses. He added that using EFRIS will protect their businesses from theft by managers and shop attendants.

“URA has introduced technology that also ensures the keeping of proper business records; you can know how much profit you have made, which means the people we employ have no way to steal from us,” Musoke said.

The Mpa E-Receipt Yange campaign will be implemented in a number of districts throughout the Country, including Hoima, Arua, Gulu, Lira, Mbale, Jinja, Masaka, Mbarara, Fortportal, and Kampala. Prizes to be won include, among others, a fully paid six-day safari for two people in Uganda, motorcycles, refrigerators, and laptops.

SUBMIT YOUR E-RECEIPT IN 3 EASY STEPS



STEP
01

Go to your "google playstore" or "apple app store" to download the **mpa e-receipt yange** app

STEP
02

Click on the **Register** button

STEP
03

Complete a one time registration to submit

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URA'S JOURNEY TO REVENUE CONTRIBUTION FROM AUTOMOBILES

Victoria N. Makumbi, is the Assistant Commissioner Field Services in the URA Customs Department. In the interview she shares the Automobile contribution to revenue.

Share with the readers the history of URA's involvement with pre-owned automobile importers?

The car is one of the most wonderful inventions of man. And Ugandans did not miss out on enjoying its fun. The first car came to Uganda in the early days of the 20th century.

By the time Uganda got her independence in 1962, there were about 12,000 cars. Most of them were either owned by white people or government officials. This is much fewer than the 21,000 and more vehicles that are now bought by Ugandans every year.

In the following years, 1963-65, at least 130 cars were imported on average each year for private use. Again, the government remained the biggest importer of cars with an annual average of 400 cars.

There were no second hand cars at the time, as is the case today. Most of the vehicles in Uganda were imported brand new from Europe. Even cars from Japan at the time were brand new.

In the early 1980s, vans were introduced

into the taxi industry. Most of them were Toyota Caravans also known as (kigaati). It was also around that time that the mass importation of second hand cars started. In the late 80s, the Toyota Hiace (kamunyes) were also introduced.

What is the contribution of the automobiles to the treasury and the national socio-economic development goals and what the public should expect.

According to records of Uganda Revenue Authority of 2018, more than 3,000 vehicles enter the country every month mainly used cars compared to around only 20 cars that came into the country on monthly basis in 1962.

From 2020 to 2023, over 30,000 used motor vehicles representing more than 80% of motor vehicles imported into Uganda annually.

Explain the challenges of URA concerning the pre-owned automobile importers and their solutions; give some illustrative examples?

There are quite a number of challenges and these include;



- i) Documents falsification and forgery
- ii) Valuation (the extent of wear and tear of the units) leading to over valuation or under valuation and sometimes dumping environmentally unfriendly units
- iii) Confirmation of Year of Manufacture(YOM) for some units becomes tricky due to inadequate documentation and information on the physical car as well as scanty information online
- iv) Determination of actual weights especially trucks due to inadequate documentation and information on the physical car as well as scanty information on line
- v) Units not in the Motor Vehicle Value Guide Line (MVGL)
- vi) Misclassification
- vii) Lack of a reliable equipment for determining YOM especially for motor vehicles whose marks and labels are altered by clients
- viii) Limited skills to determine (how to locate) for unit's YOM, model and other details
- ix) Cross boarder smuggling in of high end motor vehicles stolen from European countries and South Africa like Land Rover Range Rovers and Mercedes Benz

As URA, below is how we are countering the challenges

- a) Application and continuous periodic update of used Motor Vehicle Value Guide Line (MVGL)
- b) Punitive measures for falsification of documents
- c) Continuous and consistent Engagement with car dealers to establish their challenge and jointly come up with solutions
- d) Engaging trusted dealers in new cars for guidance regarding units' specifications like CFAO Motors Uganda Limited, Cooper Motors, MAC East Africa, General Machinery, Spear Motors
- e) Encouraging detailed verification accounts from Warehousing team
- f) Collaborating with other agencies like Uganda Police-Traffic police, Interpol & Ministry of Works and Transport to trace, truck and seizing smuggled units stolen from European countries and South Africa like Land Rover Range Rovers and Mercedes Benz

How does URA mandate relate to Uganda's vision 2040?

The Goal of Uganda Vision 2040 is "A transformed



Ugandan society from a peasant to a modern and prosperous country". This involves changing from middle income to a competitive upper middle income country within 20 years. It is envisaged that the country will graduate from middle income segment and reach a per capita of USD 9,500 by 2040. The theme of the Vision is, "Accelerating Uganda's Socio-economic Transformation".

To realize this Vision, Uganda will need to increase her GDP 30 folds in the next 30 years to attain the level of development observed in Upper Middle Income (UMI) countries. An analysis of these countries' development paths and assessment of Uganda's potential confirms that it is possible for the country to attain an upper middle-income status within the next 30 years.

The Vision 2040 is conceptualized around harnessing the opportunities, improving competitiveness and strengthening the fundamentals for transformation. The opportunities include; oil and gas, tourism, minerals, ICT business, abundant Labour force, geographical location, water resources, off-shoring of industries and services, and agro-based industries. On the other hand, the fundamentals include: physical infrastructure; ICT infrastructure; Science, Technology, Innovation and En-

gineering (STIE); and human resource.

To achieve Vision 2040 targets, Government will require substantial amount of funds to finance the investments envisaged over the Vision period. The main source of funding will be Tax and Non - Tax Revenues that is to be mobilized by Uganda Revenue Authority (URA). This requires increased revenue mobilisation efforts particularly through the operationalization of the Domestic Revenue Mobilization Strategy (DRMS), which is aimed at reducing debt reliance and keeping debt at sustainable levels.

The DRMS will help in striking a balance between competing challenges:

- To raise additional revenues to support the government's Budgetary position;
- To encourage a healthy flow of investment; and
- To address issues of fairness and transparency in the tax system.

Other sources of financing are Public Private Partnerships (PPPs), concessional loans and grants, revenue from oil and gas and borrowing from domestic and international markets.

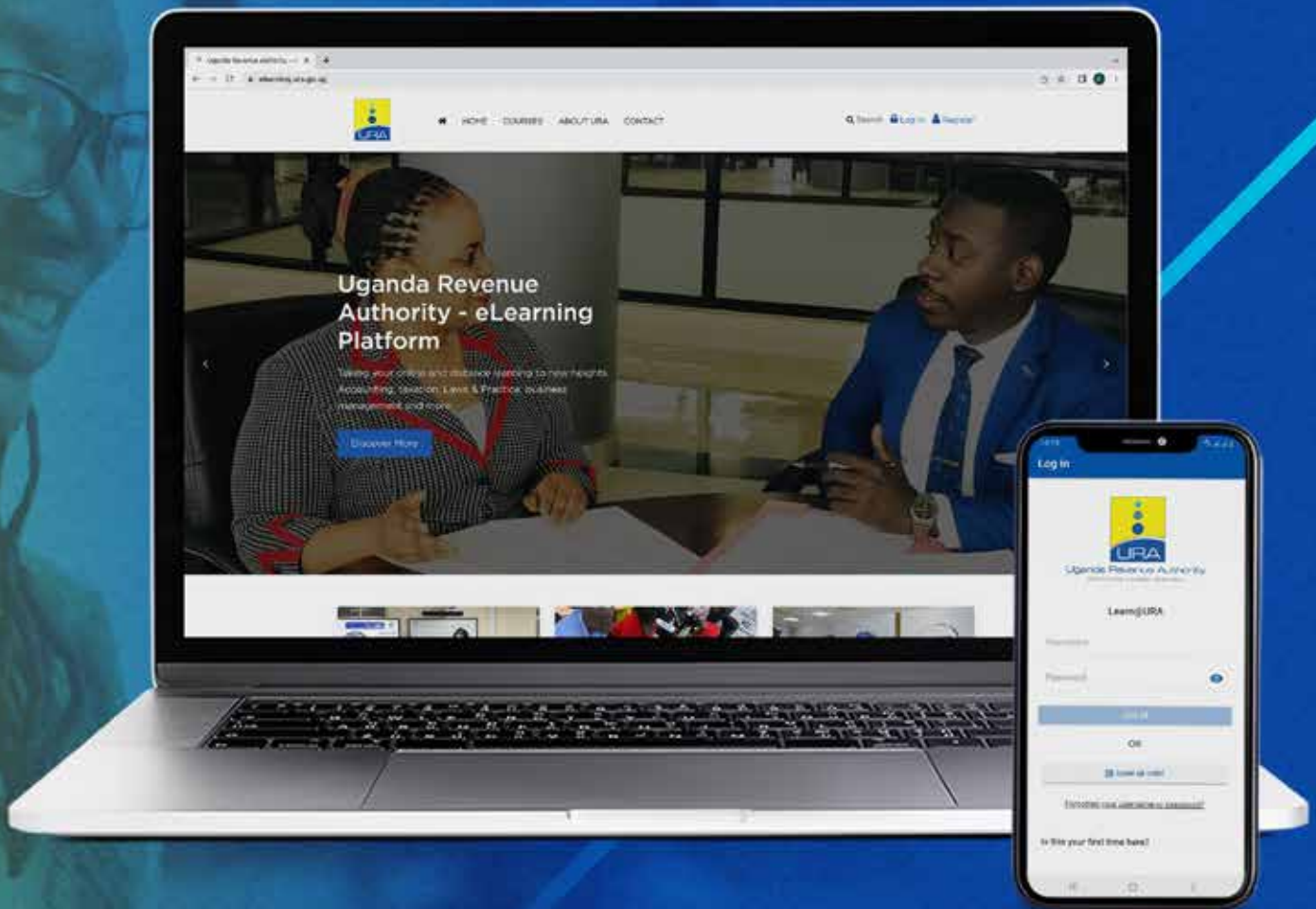
Any message to the public?

Importation of a motor vehicle which is fifteen years old or more from the year of manufacture is prohibited in accordance to Section 14A of the Traffic and Road Safety Act, 1998.

The above provision does not apply to:

- a) road tractors for semitrailers;
- b) motor vehicles for transport of goods with a gross vehicle weight of at least four tons;

- c) special purpose motor vehicles including; breakdown lorries, crane lorries, fire fighting vehicles, concrete mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, forklifts, mobile drilling rigs, mobile radiological units, works trucks, tanks and other armoured fighting vehicles, cesspool emptiers, water bowser, bullion spreaders, bitumen spreaders, bucket trucks, aircraft refuellers, spraying trucks, workshop vans and mobile banks;
- d) agricultural or forestry tractors; and
- e) earth moving motor vehicles, tamping machines and road rollers.



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NEW URA DIRECTIVE ON BONDS TO STREAMLINE WAREHOUSING OF GOODS



Some of the impounded goods paraded at the URA stores for verification

By Akinyi Winiefred

With effect from 1st July 2023, all groupage and consolidated cargo importers shall be required to consign and clear their cargo from two bonds; Lexus-W0454 and Good brothers- W0444.

This follows a directive from Uganda Revenue Authority gazetting the two bonds as the only authorized areas for clearing and handling of such cargo. While the directive has been met with opposition from different sector players, it is aimed at streamlining warehousing and handling of groupage cargo.

Groupage/consolidated cargo is where several exporters in the exporting country aggregate into a single transport/carrier unit.

Initially, consignment and clearance of such cargo has been happening across different bonds in the country as per the agents or consignee's choice. This has however been marred with challenges ranging from loss of cargo, theft, damage, delays in clearance among others which have all led to loss of revenue.

Speaking at an engagement between URA, bond operators, clearing agents and consolidators in early May, the Commissioner Customs, Abel Kagumire revealed that URA lost at least UGX 2.7 billion every week and UGX 2 trillion every six months due to cargo overstaying in the warehouses and bonds.

It is upon this background that URA set requirements and gazetted Lexus bond and Good brothers after they met the licensing requirements for handling consolidated cargo as required under the Bonded Warehouse Information Management System (BWIMS).

The requirements include sufficient security details, manpower, cameras, spacious verification space, well demarcated warehouse space of at least 6000 square meters with shelves/racks, having a weighbridge within the bond, adequate work space to accommodate a minimum of 10 customs officers, space to house at least 10 consolidated cargo operators, enough parking space for clients, sanitary places, and clients waiting area.

These requirements according to Kagumire are to improve storage with seamless movement and stacking of independent consignee (house bill) packages.

"Enough sanitary facilities, parking and office space will help accommodate the many consignees with corresponding agents for the simultaneously handled containers. Each container can on average have 10 consignees with corresponding 10 agents hence 3 containers handled at ago will imply 60 persons excluding URA and bond staff. Therefore, enough verification space will create sanity during verification and help identify and separate cargo as per individual consignee," he explains.

The commissioner asserts that the authority plans to gazette more bonds once they meet the requirements.

"The bond that meets the parameters shall acknowledge in writing, be inspected and subsequently added to the list," Kagumire.

URA seeks to manage cargo that is imported into the country to promote efficient service delivery and improve revenue collection of customs, as well as reduce revenue leakages that result from absconding or delay of goods in warehouses.

This is being done in tandem with sector players including bonded warehouse owners, motor vehicle dealers, bond operators, consolidators and the clearing and forwarding fraternity.



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THE BONDED WAREHOUSE INFORMATION MANAGEMENT SYSTEM (BWIMS)

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Key Benefits of BWIMS

- Improved cargo management.
- Real-time information sharing between Customs and Bonded Warehouses.
- Facilitation of speedy cargo clearance.



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URA ADVANCES TECHNOLOGIES TO EASE TRADE FACILITATION

By Kabahweza Kamugisha

Uganda Revenue Authority has since the advent of non-intrusive inspection (NII) technology seized numerous items on imports and exports concealed as personal baggage.

NII technology was introduced in Uganda on 3rd July 2018 starting with Busia and Malaba border points to curb illicit border trade and smuggling.

It was later launched at Entebbe International Airport to ease trade and clearance of cargo for passengers coming in and going out of Uganda.

Entebbe Customs Manager Simon Esunget said that common items which are concealed include mobile phones, narcotics, drugs, and wildlife trade such as ivory and animal teeth and skins.

Uganda Revenue Authority early 2023 issued a notice informing all passengers that irrespective of the channel of clearance, all their cargo and personal belongings shall pass through the non-intrusive inspection machines.

Esunget explained that the NII technology scans dutiable, restricted and prohibited goods that a passenger is moving with. "Dutiable goods are goods on which tax is payable when they enter into the country. Restricted

goods are goods whose entry is subject to clearance from a regulatory authority, or quantitative restrictions," explained Simon.

Some of the restricted goods include animals and birds, arms and ammunition, betting and gaming machines, chemicals, drones and explosives, minerals, and live plants.

Esunget noted that prohibited goods are not allowed by any law to enter in or get out the country. "These include used motor vehicles above 15 years, cosmetics with hydroquinone and mercury, monofilament fishing nets, smokeless and flavoured tobacco, pornographic materials, narcotics, wildlife trade, polythene bags, used undergarments and used electronics," he said.

However, all passengers have an exemption on personal effects that were in use and accompanied the traveller, and also new items whose value does not exceed USD500\$.

URA Customs manager explained that when the value of new goods exceeds USD500\$, customs will use a simplified passenger baggage clearance regime within the customs system to clear the goods and facilitate the payment of taxes after an assessment has been computed.

All passengers carrying with them money in the excess of USD10,000\$ are mandated to declare it to customs, otherwise it is an offence under the Financial Intelligence Authority (FIA) Act and Anti-Money Laundering Act. Before the introduction of NII technology, some few travellers had a tendency of smuggling restricted and prohibited goods. With NII in place, Entebbe customs has unearthed restricted and prohibited goods being disguised as personal effects.

There are two tests carried on personal effects so that they are exempted from tax, namely the USD500\$ threshold and the quantity of the goods.

However, item 5 paragraph 1(c) of part B, 5th Schedule states that the goods shall be of such kind and in such quantities as the proper officer may allow for example spirits (including liquors) should not exceed one litre or wine should not exceed two litres, perfumes and toilet water should not exceed all together half a litre (500mls) of which not more than a quarter (125ml) may be perfume. Cigarettes, cigars, cheroots, cigarillos, tobacco, and snuff should not exceed all together 250 grams in weight.

Passenger baggage clearance is specifically mentioned under part B of the 5th Schedule of the EACCMA 2004.



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NON-INTRUSIVE INSPECTION (NII)

Key Benefits of NII

1. Eases and fastens examination of goods and cargo clearance process.
2. Easily detects contrabands and combats trade fraud such as concealments, mis-declarations and under declarations.
3. Maintains the international security chain thereby enhancing national security.
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URA LEVERAGES STAKEHOLDER RELATIONS TO EASE COMPLIANCE

By Irene Kabakama

Stakeholders are the ultimate beneficiaries of development that arise when the nation achieves financial independence and their role is examined by their participation to determine what improvements can be made by adopting modern and innovative mechanisms to collect enough revenue and reduce on the donor dependence.

In light of this, URA has found it inevitable to initiate

ways of creating enjoyable working relationships with its stakeholders as part of its total transformation drive. The ultimate objective is to position URA as customer centric to allow taxpayers to voluntarily contribute to tax. In the last quarter, these were some of the key stakeholders met.

URA met with a delegation from Airtel to discuss tax exemption issues about the 0.5% tax on mobile money withdrawals.



Journalists are key stakeholders in revenue mobilization, they play an integral role in domestic revenue mobilization. It is for this reason that the URA communications team met with them.





The Judiciary lauded URA for being one of the first government agencies to embrace the Electronic Court Case Management Information System which is aimed at improving tracking of cases and reducing human interaction in case processes.



URA signed a Memorandum of Understanding with Rwanda Revenue Authority to pave way for exchange of information and technical assistance on electronic invoicing and billing. The MoU was penned down by the URA CG John R. Musinguzi and his Rwandan counterpart, Ruganintwali Pascal during a 3-day benchmarking visit on data optimization and the efficiency of Electronic Billing Machines (relative to EFRIS).



URA engaged the school proprietors in Ntoroko district to ensure tax awareness and education among the locals in the area. This commitment was made during a stakeholders' engagement in Karugutu Town Council.





URA Motivates Traders About VAT

CG participated in the tax debate between URA and business representatives and recommended compliance with paying VAT in order to maintain the payment chain to the final customer





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URA HAS IMPROVED TRADE FACILITATION IN EXPORT TRADE

By Annet Nantongo

In 2009, URA used to assign customs staff to handle empty trucks because most cargo trucks leaving Uganda were empty. The few that had goods used to ferry raw unprocessed goods such as charcoal, bananas, cassava, among others. The major cash crops then were coffee and tea which were largely exported in raw form.

Today, most of the raw materials are exported as processed goods. For instance, we capably export milk cream, which had a value of UGX 272Bn in FY 2021/2022, instead of raw unprocessed liquid milk.

As years passed, trade in Uganda grew and so did industrialisation. Today, Uganda registers a number of cargo trucks exporting goods from Uganda to a number of several destinations across the world.

Uganda made exports worth the value of UGX 13,156Bn in FY 2021/2022. Of this value the top destination countries were United Kingdom with

value of UGX 2,992 Bn, Kenya with UGX 1,652Bn value, Democratic Republic of Congo at UGX 1,320Bn, and South Sudan with value of UGX 1,290Bn. United Kingdom, DRC and South Sudan registered over 150% growth in value of Ugandan exports.

Some of the growth is attributed to the Government policy in the domestic revenue mobilisation strategy that seeks to grow export promotion by creating incentives and measures that will drive local industrialisation to produce goods that we can export and also substitute goods that we import.

URA has advanced the trade facilitation structure to further encourage export promotion in Uganda. This is through implementation of government policies such as incentives in form of prohibitive taxes such as heavy duty on imports that are produced locally.

“This can be seen with the rice importation which attracts 75% import duty, 18% VAT, must pay a withholding tax of 6% and also an infrastructure levy of 1.5% if the rice is imported from any country



outside of the East African Community,” Abel Kagumire, the Commissioner Customs explained. In May 2021, Uganda signed an Authorized Economic Operator(AEO) Mutual Recognition Arrangement (MRA) with China during the 5th AEO Global conference held in Dubai. While speaking at the MRA launch in Nakawa in June 2023, James Malinzi, the Assistant Commissioner Customs Audit said that the arrangement will improve Uganda’s trade share in Africa borrowing from good trade practices of china as a major global player in trade.

Last financial year, Uganda exported goods worth UGX 146Bn to China, making it the 15th country of destination for Uganda’s exports. Malinzi added that goods handled by both Uganda and China AEO companies will be given priority treatment.

Government is also looking for market for product overflows from local industries. To this URA signed a memorandum of understanding with South Africa’s Revenue Services body in March 2023 to ease export and import of goods to South Africa by the Authorised Economic Operators (AEOs).

In FY 2021/2022, the top five Ugandan exports

were coffee valued at UGX 2.4 trillion, sugar valued at UGX 378Bn, Cocoa at UGX 344Bn, fish at 329Bn, and cement at UGX 321Bn. Other leading exports include tea, milk cream, dried beans, iron steel bars, cooking oil, and wheat.

The other URA systems facilitating exports include the Uganda Electronic Single Window (UeSW) that provides access to over 30 government agencies that offer different documents for exports, and the Single Customs territory which allows for a single Customs declaration within the partner states of the East African Community, which is prepared from the country of goods origin.

In terms of tax incentives toward exports, goods are largely zero rated or exempt. However, the ones with applicable taxes include processed gold, processed minerals, unprocessed leaf tobacco, raw hides and skin, and unprocessed fish, among others.

URA encourages exporters to ensure that they present accurate and authentic documents at time of export, and to also pay the applicable domestic taxes, in order to enjoy the numerous benefits.



URA ENROLS EXCHANGE OF INFORMATION PROGRAM TO BOLSTER REVENUE

By Immaculate Wanyenze

In a bid to fight tax evasion and avoidance plus protecting the integrity of tax systems, it has become increasingly important for tax administrators like URA to include an aspect of Exchange of Information (EOI) to facilitate enforcement of domestic Taxes. **Denis Kugonza Kateeba**, the Commissioner Tax Investigations shares insights on how URA has benefited from EOI.

What is the Exchange of Information Exchange program?

Exchange of Information is the cross-border sharing of taxpayer information by tax administrations under a legal framework.

According to the Organisation for Economic Co-operation and Development (OECD) Global Forum annual report, 2020, multilateral co-operation on transparency and exchange of information for tax purposes is becoming an increasingly important tool for tax administrations in mobilizing revenues and ensuring that all taxpayers pay what is due. This is on the backdrop of the increased economic globalization that has made it easy for taxpayers to hide income and assets in other jurisdictions behind layers of corporate entities consequently making it difficult for tax authorities to investigate and audit cases of cross-border tax evasion.

After studying the global trends of offshore tax evasion, on 4th November 2015, Uganda signed the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC) where it became the 8th African country and also the 90th jurisdiction of the convention.

On the whole, EOI is aligned to Uganda's Domestic Revenue Mobilisation interventions ingrained in the URA's corporate plan.

What are the objectives of the EOI?

The major objective of the Exchange of Information program is to boost voluntary tax compliance by tackling tax evasion and other illicit financial flows while adhering to the international standards and obligations agreed upon in the tax information exchange agreements.

Has the Exchange of Information program taken root already in Uganda?

Yes, the Exchange of Information on request is in place and soon URA will transition to Automatic with an international commitment date of 1st September, 2023. This date is supported by an action plan to set up the legal and regulatory framework; IT and administrative infrastructure; and Confidentiality and data safeguards in time for the first Automatic Exchange of Information (AEOI) in 2023. So, at the moment URA is still making requests to partner states with specifications of the taxpayers being examined by the operational Departments responsible for tax audits and investigations in URA.

The EOI unit reviews all requests to ensure adherence to both the domestic legal framework and international standards.

How is the EOI incorporated in the URA business?

Exchange of Information is a tax compliance tool that supports audits and investigations on cross-border transactions especially for multinationals and high net worth individuals.

The core function of the Exchange of Information Unit is to process all incoming and outgoing information requests in line with the international standards. These include the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC), the ATAF Agreement on Mutual Administrative Assistance in Tax Matters (AMAATM), the East African Communi-

ty Customs Management Act (EACCMA), and Double Taxation Agreements (DTA).

The other function is to coordinate and participate in Peer Reviews involving Uganda and all the other treaty partners and jurisdictions of relevance. This includes contributing to the body of knowledge in terms of setting up and updating EOI standards to match the evolving dynamics of cross-border taxation and tax evasion schemes. However, as all this is being done, the unit is also mandated to liaise with Ministry of Finance Planning and Economic Development (MoFPED) on tax policy matters relating to international tax cooperation among others.

What are some of the key achievements of the EOI function in Uganda?

Based on the government's clear strategies, firm political support, and administrative commitment, plus the well-coordinated support from development partners, so much has been achieved under the EOI function. For example; through the exchange of information and audits, the government of Uganda has been able to recover UGX 259,935,498,396 between 2014 and 2021.

On another front, the EOI function has also witnessed the number of information requests from authorities in Uganda grow from two (02) in 2012 to one hundred seventy (170) between 2014 and 2022. Therefore, these achievements have proven Uganda as an effective and efficient player in the tax transparency agenda in Africa.

Why should taxpayers take interest in the initiative?

From the objectives of this initiative, taxpayers are expected to voluntarily disclose all incomes from offshore wealth that ought to have been disclosed but were not declared or were partially declared. They are encouraged to do so before being prompted by any action or threat of action on the issue by URA. As a result of international cooperation, tax evaders face an increasing risk of detection.

For our stakeholders in the Automatic Exchange of Information program, they can expect a level playing field for all key players in the development of Uganda especially financial institutions, importers, exporters, industrialists, and others.

URA INTRODUCES USSD CODE

By Elizabeth Nakiru

In a bid to expand the tax base, improve revenue collections and rid Uganda of foreign funding from donors such as the world bank and IMF, URA has invested in several technology initiatives. URA rolled out the Electronic Fiscal Receipting and Invoicing System, EFRIS, the Digital Tracking Solution, DTS, and Non-Intrusive Inspection scanners among others, which is easing trade.

The latest addition is the Unstructured Supplementary Service Data (USSD) code. This code can be accessed on mobile phones by dialing *285*30# and is set to be rolled out to the public this Financial Year.

URA will leverage the above technologies, to continue making strides towards Uganda's economic transformation trajectory through revenue mobilization. This is evidenced by the notable increase in revenue growth over the past years and the efforts by URA to hit revenue targets set by the Ministry of Finance, Planning, and Economic Development.

The aim of the

USSD is to ease tax compliance for all taxpayers since it offers a range of services including Tax Identification Numbers (TIN) services and search options. It also eases tax payments for income taxes such as rental tax, advance income tax for those in transport (bodabodas, taxis, trucks), and Non-Tax Revenue payments such as park user fees and traffic penalties among others.

Taxpayers will be able to access tax services in a convenient way without having to approach URA offices. This also deters revenue leakages and corruption tendencies that may crop up due to human interactions.

The targeted recipients of this USSD code are taxpayers who are principally in the informal sector which makes up 52% of Uganda's economy. These include bodaboda riders, stall owners, kiosk owners, and small business owners who are mostly not registered taxpayers.

It is easily accessible, user friendly and will encourage as well as promote tax compliance among taxpayers.

The USSD Code is a global system for mobile communication technology that is used to send text between a mobile phone and an application program in the network.

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TAX AGENT SENTENCED TO 8 YEARS IN PRISON FOR TAX FRAUD

By Joshua Niyonshima

The anti-corruption court presided over by justice Okuo Jane Kajuga has upheld the 8-year prison term handed down to accountant Wabyona Jackson Rubanjwa for committing tax fraud.

This comes after his appeal against the judgment rendered in November 2022 by His Worship Nabende Moses, Principal Magistrate Grade 1 of the Anti-Corruption Court.

Following inquiries into the tax concerns of businesses that were suspected of engaging in bogus supplies, URA's intelligence team was able to apprehend Wabyona, a 40-year-old resident of Lumuli Zone Goma Division in Mukono District. He later entered a guilty plea to four counts of providing a tax officer with false information and using a bogus TIN for fictitious goods.

In his Plea, URA's counsel, Lomuria Thomas Davies asked court to strongly penalize Wabyona saying this will deter other aspiring criminals from thinking of the same.

Assistant Commissioner for Tax Investigations at the URA, Dennis Kateeba, advises taxpayers to keep their TINs safe to prevent instances of them being used by fraudsters.

"Don't share your TIN password with anyone because someone might use your account for dubious transactions and land you into problems. All businessmen, are encouraged to have a keen interest in the affairs of their businesses and clients should minimize the use of cash payment systems because they don't leave enough evidence to help explain their business transactions with URA," he says.



He continues by warning businesses to desist from issuing fictitious invoices.

"Embrace the Electronic Fiscal Receipting and Invoicing Solution (EFRIS) because it enables you to track and validate business transactions in real time for efficient business management. The solution eliminates the risk of physical loss of tax invoices as transactional data or copies are digitally stored in the system," Kateeba.

Ibrahim K. Bbossa Assistant Commissioner Public and Corporate Affairs URA advises taxpayers to utilize voluntary disclosure in case of such incidents.

"The taxpayer can disclose information related to tax liabilities, misstatements or omissions in their tax declarations to URA without being prompted by any action or threat of action by URA. It also covers persons engaged in income generating activities who are not yet registered or whose registration details are inaccurate," he advises.

URA JOINS PARTNERS TO ADVOCATE FOR REVENUE MOBILISATION IN THE NEW FINANCIAL YEAR

By Immaculate Wanyenze

In order to keep up with the dynamics of taxation by way of amendments in the recently read budget and their implications on Ugandans, Uganda Revenue Authority in conjunction with officials from the Ministry of Finance and SEATINI Uganda organised a half day breakfast engagement at Tropical Suites in Arua.

The engagement according to Denis K. Kateeba, the representative of the Commissioner General, was to discuss the opportunities available for Ugandans even in West Nile in next financial year's Budget.

He revealed that Ugandans will be required to fund 56% of the budget to attain part sovereignty.

"The 56% funding is not enough, we need to control our destiny by funding 100% of our budget. For this to happen, we need to be compliant with our tax obligations," he explained.

URA also has a new target of UGX 29.7 trillion which will require the collaboration of all Ugandans to mobilise this revenue. As a national fundraiser, Kateeba said URA will continue to support and make available the information, services and technical support that taxpayers need to be compliant.

With only a few days to close the financial year, Kateeba also urged the people of Arua city to file and pay before 30th June 2023 to avoid the penalties.



On the other hand, Moses Obetia, the Chairman Business Community in the West Nile Region praised URA and the Ministry of Finance for continuously organising the engagement in his region.

For Obetia, such dialogues provide opportunity for taxpayers to share feedback on the budget that directly impacts their businesses. He also urged for more tax education for taxpayers in his region especially on issues to do with cross-border trade.

In response Moses Kabanda, the representative of the Minister of Finance noted that the Government will need sustainable funding through mobilisation of domestic resources to ensure Ugandans enjoy the much needed social services. These services include; effective implementation of the Parish Development Model (PDM), use of small-scale solar powered



Moses Kabanda from the Ministry of Finance presenting on behalf of the Minister of Finance in Arua



The Commissioner Tax Investigations making the Budget Breakfast Engagement in Arua



irrigation, building infrastructure in industrial parks and access of affordable capital through Uganda Development Bank (UDB), Uganda Development Cooperation (UDC), Agricultural Credit Facility (ACF), Small Business Recovery Fund (SBRF), Emyooga among others.

Hon. Jackson Atima, the Area MP Arua Central encouraged his people to pay taxes and not to leave it to only 3 million Ugandans.

“More 15 million Ugandans are engaged in business, where are they putting the money,” he asked.

He also encouraged them to shun buying from non-registered VAT taxpayers because they cheat government of revenue.

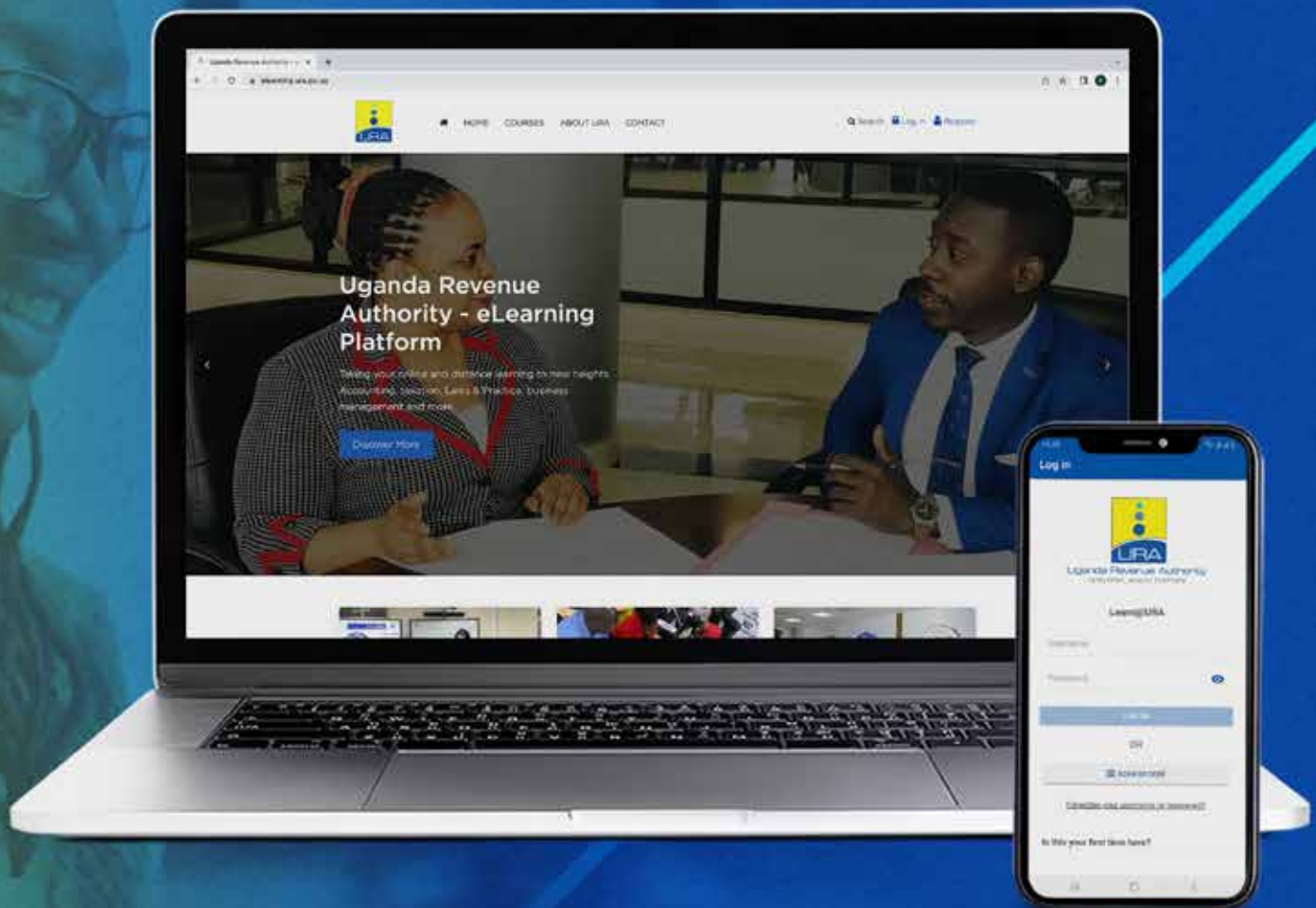
The tough-talking Atima also urged URA to support businesses so that they do not close prematurely. He quoted Gaaga bus services and Ozu brothers who were big distributors of Mukwano products in West Nile region.

From the audience feedback, it was obvious that URA still needs to provide more opportunity to the people in West Nile to explore on issues affecting their businesses. For example, they feign ignorance in filing and interaction of the EFRIS system.

Meanwhile, similar engagements happened countrywide in the districts of; Lira, Kasese, Kabale and Soroti to equip all Ugandans with the recent changes in the budget.



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