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PETITION BY THE MEMBERS OF THE RICE BUSINESS SECTOR ASSOCIATION LIMITED AGAINST THE DISCRIMINATIVE AND UNFAIR TAXATION OF THE RICE IMPORTERS, LOCAL MILLERS, FARMERS AND CONSUMERS BY UGANDA REVENUE AUTHORITY.

PETITION

THE PARLIAMENT OF THE REPUBLIC OF UGANDA

(Brought under Rule 30 of the Rules of Procedure of the Parliament of the Republic of Uganda)

The **HUMBLE PETITION** of members of the Rice Business Sector Association Limited, presented on their behalf by Hon. Waira Majegere Kyewalabye SJ, Member of Parliament for Bunya County East, Mayuge **SHOWETH AND STATES THAT;**

1. That the subject matter of the Petition relates to Uganda Revenue Authority's (URA) discriminative, unfair and selective charging of Value Added Tax (VAT) on imported milled rice;
2. That previously milled rice imported by the petitioners was not subjected to eighteen percent (18%) VAT because rice is classified as unprocessed food stuff under URA/VAT/Practice Notice 3/2007 which clarified that **"All imported rice is considered as unprocessed agricultural produce for purposes of the VAT Act and therefore falls under the provisions of the second schedule which provides for VAT exempt goods;**
3. That, however in 2014 the VAT Act was amended with effect from 1st July, 2014 by repealing paragraph 1(f) of the third schedule which zero rated supply of cereals that are grown, milled or produced in Uganda, this subsequently imposed VAT on milled rice;
4. That pursuant to the 2014 VAT amendment Act, URA vide URA/VAT/PN 2/2014 and in exercise of the powers conferred on the Commissioner General under the

VAT Act revoked URA/VAT/PN 3/2007 and noted that “From research conducted, URA established the value of the added activities such as drying, hulling, milling, polishing, grading, sorting and packaging exceeded 5% of the total value of supply which meant that supply of rice which is ready for human consumption does not fall within the provisions of paragraph 1(f) of the second schedule to the VAT Act and therefore attracts VAT at the rate of 18%.

5. That following the enactment of the 2014 Value Added (Amendment) Act which subjected milled rice imported to Uganda to pay VAT of 18 %, fourteen rice importers vide **SWT TANNERS LIMITED and 13 OTHERS VS. COMMISSIONER GENERAL OF URA HCCS 880 of 2014** sued URA contesting URA’s imposition of VAT on imported rice; and High Court ruled in favor of URA;
6. That the decision was appealed against at the Court of Appeal, which issued a temporary injunction restraining URA from imposing the 18% VAT on imported rice until the final disposal of the matter;
7. That, it is important to note that the Injunction as interpreted by URA was to halt charging of VAT on imported rice for only the 14 appellants and not for other importers including the petitioners who continue to pay 18%VAT on imported rice which practice your humble petitioners believe is discriminatory and against the taxation principle of fairness;
8. That URA’s implementation of the Court order restraining it from charging VAT on rice imports of the appellants and charging VAT on the others’ rice imports has not only led to distortion of rice prices, some rice dealing companies have also had to inevitably close business thereby occasioning loss of Government revenue through taxes and led to unemployment of many hence widening the unemployment gap in the country;
9. That your Petitioners not being satisfied with the way URA is implementing the injunction in a selective manners causes unfair competition among rice traders in the Country;

NOW THEREFORE, your humble petitioners pray that;

- (a) Parliament intervenes in the matter and carries out an investigation into the taxation regime of the rice sector in order to ensure fair taxation to all rice importers, millers and farmers in Uganda;
- (b) Government through the Attorney General ensures expeditious disposal of the case in the court of Appeal and pursues the lifting of the injunction which is causing unfair taxation; and
- (c) Government takes keen interest in the Rice sector in Uganda along the whole rice value chain from production, importation and exportation of both milled and non-milled rice.

AND your humble petitioners as in duty bound will ever pray;

AND hereto your humble petitioners have appended their signatures.

