

BILLS SUPPLEMENT

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Bill No. 3 *Value Added Tax (Amendment) Bill* **2017**

THE VALUE ADDED TAX (AMENDMENT) BILL, 2017.

MEMORANDUM

The object of this Bill is to amend the Value Added Tax Act, Cap. 349 to exempt aid-funded projects; to provide for operations under which VAT is deemed to have been paid in respect of petroleum operations and aid-funded projects; to provide for the disqualification of a taxable person for input tax credit; to provide for the due date for payment of tax; to provide for capping of interest on unpaid tax; to provide for VAT on wheat grain; to exempt VAT on crop extension services, animal feeds and premixes, deep cycle batteries and composite lanterns, irrigation works, sprinklers and ready to use drip lines, tourist arrangement services, access to tourist sites, tour guides and game driving services and menstrual cups; and to provide for related matters.

MATIA KASAIJA, (MP)

Minister of Finance, Planning and Economic Development.

THE VALUE ADDED TAX (AMENDMENT) BILL, 2017

ARRANGEMENT OF CLAUSES

Clause

1. Commencement.
2. Amendment of the Value Added Tax Act, Cap. 349.
3. Amendment of section 25 of principal Act.
4. Amendment of section 28 of principal Act.
5. Insertion of new section 30A in principal Act.
6. Insertion of new section 65A in principal Act.
7. Amendment of Second Schedule to principal Act.

A Bill for an Act

ENTITLED

THE VALUE ADDED TAX (AMENDMENT) ACT, 2017

An Act to amend the Value Added Tax Act, Cap. 349 to exempt aid-funded projects; to provide for operations under which VAT is deemed to have been paid in respect of petroleum operations and aid-funded projects; to provide for the disqualification of a taxable person for input tax credit; to provide for the due date for payment of tax; to provide for capping of interest on unpaid tax; to provide for VAT on wheat; to exempt VAT on crop extension services, animal feeds and premixes, deep cycle batteries and composite lanterns, irrigation works, sprinklers and ready to use drip lines, tourist arrangement services, access to tourist sites, tour guides and game driving services and menstrual cups; and to provide for related matters.

BE IT ENACTED by Parliament as follows:

1. Commencement.

This Act shall come into force on 1st July, 2017.

2. Amendment of the Value Added Tax Act.

The Value Added Tax Act, Cap. 349 in this Act referred to as the principal Act is amended in section 24 by inserting immediately after subsection (6) the following—

“(7) For purposes of this section, the tax payable on a taxable supply made to a Government ministry, department or agency by a contractor executing an aid-funded project is deemed to have been paid by that ministry, department or agency if the supply is for use solely and exclusively for the aid-funded project.”

3. Amendment of section 25 of principal Act.

Section 25 of the principal Act is amended—

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

“(2) For a contractor, component X of the formula in paragraph 1(b) of the Fourth Schedule, for a tax period does not include the amount of tax that the licensee is deemed to have paid to the contractor under section 24(5) for the period.”

- (b) by inserting immediately after subsection(2)the following new subsection—

“(2a) For a supplier, component X of the formula in paragraph 1(b) of the Fourth Schedule, for a tax period does not include the amount of tax that the contractor is deemed to have paid to the supplier under section 24(6) for the period.”;

- (c) by inserting immediately after subsection (3) the following—

“(4) For a contractor of a Government ministry, department or agency, component X of the formula in paragraph 1(b) of the Fourth Schedule, for a tax period does not include the amount of tax that the Government ministry, department or agency is deemed to have paid to the contractor under section 24(7) for the period.”

4. Amendment of section 28 of principal Act.

Section 28 of the principal Act is amended in subsection (5) by inserting immediately after paragraph (c) the following—

“(d) a taxable supply for which the input tax is paid or payable in cash and is at least five thousand currency points, excluding the tax.”

5. Insertion of new section 30A in principal Act.

The principal Act is amended by inserting a new section 30A as follows—

“30A. Due date for payment of tax.

(1) Tax payable under this Act is due and payable—

- (a) in the case of a taxable supply by a taxable person in respect of a tax period, on the date the return for the tax period must be lodged;
- (b) in the case of an assessment issued under this Act, on the date specified in the notice of assessment; or
- (c) in any other case, on the date the taxable transaction occurs as determined under this Act.

(2) The tax payable by a taxable person under subsection (1) shall be determined in accordance with this Part.

(3) Where an objection to or a notice of appeal against an assessment has been lodged, the tax payable under the assessment is due and payable, and may be recovered, notwithstanding that objection or appeal.

(4) Upon written application by a person liable for tax, the Commissioner General may, where good cause is shown, extend the time for payment of tax beyond the date on which it is due and payable, or make such other arrangements as appropriate to ensure payment of the tax due.

(5) Where the Commissioner General has reasonable grounds to believe that a person may leave Uganda permanently without paying all tax due under this Act, the Commissioner General may issue a certificate containing particulars of the tax to the Commissioner of Immigration and the Commissioner General may request the Commissioner of Immigration to prevent that person from leaving Uganda until that person makes—

- (a) payment in full; or
- (b) an arrangement satisfactory to the Commissioner General for the payment of the tax.

(6) A copy of a certificate issued under subsection (5) shall be served on the person named in the certificate if it is practicable in the circumstances to do so.

(7) Payment of tax specified in the certificate to a customs or immigration officer or the production of a certificate signed by the Commissioner General stating that the tax has been paid or secured shall be sufficient authority for allowing that person to leave Uganda.

(8) Notwithstanding subsection (1), the Minister may, by regulations, prescribe the terms and conditions of payment of tax on plant and machinery.”

6. Insertion of new section 65A in principal Act.

The principal Act is amended by inserting immediately after section 65 the following—

“65A. Interest on unpaid tax.

(1) The interest due and payable on unpaid tax shall not exceed the aggregate of the principal and penal tax.

(2) For the avoidance of doubt, where the interest due and payable as at 30th June 2017 exceeds the aggregate referred to in subsection (1), the interest in excess of the aggregate shall be waived.”

7. Amendment of Second Schedule to principal Act.

The Second Schedule to the principal Act is amended—

- (a) in paragraph 1(a), by inserting immediately after the word “products” the words “except wheat grain;”;
- (b) by inserting immediately after paragraph (q) the following—

“(qa) the supply of animal feeds and premixes;”;
- (c) by inserting immediately after paragraph (s) the following—

“(sa) the supply of crop extension services;

(sb) the supply of irrigation works, sprinklers and ready to use drip lines;

(sc) the supply of deep cycle batteries and composite lanterns;

(sd) the supply of tourist arrangement services, access to tourist sites, tour guide and game driving services;

(se) the supply of menstrual cups;”