

Laid on 03/04/2018 by Hon David Bahati

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**BILLS  
SUPPLEMENT No. 3**

**29th March, 2018.**

**BILLS SUPPLEMENT**

*to the Uganda Gazette No. 16, Volume CXI, dated 29th March, 2018*

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**Bill No. 11**

*Excise Duty (Amendment) Bill*

**2018**

**THE EXCISE DUTY (AMENDMENT) BILL, 2018**

**MEMORANDUM**

The object of this Bill is to amend the Excise Duty Act, 2014, to raise the point of accounting on telecommunication services; to introduce interest for unpaid excise duty and limit the interest payable to the amount of the unpaid principal tax; to enhance excise duty in respect of certain excisable goods; to amend the excise duty on telecommunications services; and to introduce excise duty on cooking oil and on motorcycles at first registration.

**MATIA KASAIJA, (MP)**

*Minister of Finance, Planning and Economic Development.*

THE EXCISE DUTY (AMENDMENT) BILL, 2018

ARRANGEMENT OF CLAUSES

*Clause*

1. Commencement
2. Amendment of Act 11 of 2014.
3. Amendment of section 4 of principal Act.
4. Amendment of section 10 of principal Act.
5. Insertion of new section 15A
6. Amendment of Schedule 2 to principal Act.

A Bill for an Act

ENTITLED

**THE EXCISE DUTY (AMENDMENT) ACT, 2018**

**Act Act to amend the Excise Duty Act, 2014, to raise the point of accounting on telecommunication services; to introduce interest for unpaid excise duty and limit the interest payable to the amount of the unpaid principal tax; to enhance excise duty in respect of certain excisable goods; to amend the excise tax on telecommunications services; and to introduce excise duty on cooking oil and on motorcycles at first registration.**

BE IT ENACTED by Parliament as follows:

**1. Commencement**

This Act shall come into force on 1st July, 2018.

**2. Amendment of Act 11 of 2014.**

The Excise Duty Act, 2014, in this Act referred to as the principal Act, is amended in section 2 by inserting immediately after the definition of “officer” the following—

“over the top services” means the transmission or receipt of voice or messages over the internet protocol network and includes access to virtual private networks but does not include educational or research sites prescribed by the Minister by notice in the Gazette;”.

**3. Amendment of section 4 of Principal Act.**

Section 4 of the principal Act, is amended in section 4—

(a) by substituting for subsection (4) the following—

“(4) A person providing an excisable service becomes liable to pay excise duty on that service on the earlier of the following—

- (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;”;

(b) by inserting immediately after subsection (4) the following—

“(5) A telecommunications service operator providing data used for accessing over the top services is liable to account for and pay excise duty on the access to the over the top services.”.

**4. Amendment of section 10 of principal Act.**

Section 10 of the principal Act is amended by inserting immediately after subsection (3) the following subsection—

“(3a) The Commissioner may, if satisfied that the excisable goods have been exported, remit the excise duty chargeable on those goods.”.

**5. Insertion of section 15A**

The principal Act, is amended by inserting immediately after section 15 the following section—

**“15A. General penalty**

(1) A person who fails to apply for a licence under section 5 is liable to pay a penalty equal to the amount of duty payable during the period commencing on with last day of the application period until the person files an application for the licence with the Commissioner or until the Commissioner grants the licence, whichever is earlier.

(2) A person who fails to furnish a return within the time specified under this Act is liable to pay a penalty amounting to whichever is the greater of the following—

- (a) two hundred thousand shillings; or
- (b) an interest charge for the period for which the return is outstanding calculated in accordance with subsection (3).

(3) A person who fails to pay excise duty imposed under this Act on the excisable goods manufactured or imported by him that person by the due date is liable to pay interest on the unpaid duty at a rate of two percent per month, compounded, for the duty which is outstanding.

(4) Where a person pays interest under subsection (3), and the duty to which it relates is found not to have been due and payable by the person and is refunded, the interest relating to the amount of the refund, shall be refunded to that person with an interest of two percent per month, compounded.

(5) A person who fails to maintain proper records for a my period required by this Act is liable to pay a penalty equal to the amount of duty payable by the person for that period or ten currency points per filing period, whichever is the higher.

(6) Where a person knowingly or recklessly—

- (a) makes a statement or declaration to an officer of the Uganda Revenue Authority which is false or misleading in a material particular; or
- (b) omits from a statement made to an officer of the Uganda Revenue Authority, any matter or thing without which the statement is misleading in such a manner that—
  - (i) the duty payable by the person exceeds the duty that was assessed as payable, based on the false or misleading information; or
  - (ii) the amount of the refund claimed was false,
 that person is liable to pay a penalty equal to the amount of the excess duty, refund or claim.

(7) Where the interest due and payable under subsection (3) exceeds the aggregate of the principal tax, any interest in excess of the principal tax shall be waived.

**6. Amendment of Schedule 2 to principal Act.**

Schedule 2 of the principal Act, is amended in Part 1—

(a) by inserting immediately after item 2 (c) the following—

"(d)	Opaque beer	30% or Shs. 230 per litre, whichever is higher"
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(b) by substituting for item 3 the following—

"3	Spirits	
(a)	Undenatured spirits made from locally produced raw materials	60% or Shs 2000 per litre, whichever is higher;

(b)	Undenatured spirits made from imported raw materials	100% or Ush 2500 per litre, whichever is higher;
(c)	Ready to drink spirits	80% or Ush 1300 per litre, whichever is higher."

(c) by substituting for item (4), the following—

"4	Wine	
(a)	Wine made from locally produced raw materials	20% or Shs 2000, per litre, whichever is higher;
(b)	Other wine	80% or Shs 8000, per litre, whichever is higher."

(d) by inserting immediately after item 5 (b) the following—

"(c)	Powder for reconstitution to make juice or dilute- to - taste drinks, excluding pulp;	15% of the value"
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(e) by substituting for item 13 the following—

"13	Telecommunications services	
(a)	Airtime on mobile cellular, landlines and public pay phones	12% of the fee charged;
(b)	Over the top services	Ushs 200 per user per day of access;
(c)	Internet data	Nil;

(d)	Money transfer or withdrawal services, including transfers and withdrawal services by operators licensed or permitted to provide communications or money transfers or withdrawals but not including transfers and withdrawal services provided by banks	15% of the fees charged;
(e)	Value added services	20%
(f)	Mobile money transactions on receiving, payments and withdrawals	1% of the value of the transaction;
(g)	Incoming international calls, except calls from the Republic of Kenya, the Republic of Rwanda and the Republic of South Sudan	USD 0.09 per minute."

(f) In item 14, by substituting for "10% of the fees charged" appearing in the third column, "15% of the fees charged";

(g) by inserting immediately after item 17 the following—

"18.	Cooking oil	Ushs 200 per litre;"
19.	Motorcycles; at first registration	Ushs 200,000;
20	Construction materials for development of industrial parks or free zones by a developer whose investment is at least two hundred million United States Dollars;	Nil



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(e)	Value added services	20%
(f)	Mobile money transactions on receiving, payments and withdrawals	1% of the value of the transaction;
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(g) by inserting immediately after item 17 the following—

"18.	Cooking oil	Ushs 200 per litre;"
19.	Motorcycles; at first registration	Ushs 200,000;
20	Construction materials for development of industrial parks or free zones by a developer whose investment is at least two hundred million United States Dollars;	Nil

2	Locally produced materials for construction of premises and other infrastructure to a hotel or tourism developer whose investment capital is at least fifteen million United States Dollars of a room capacity exceeding one hundred guests.	Nil
23	Furnishings and fittings or locally produced materials for construction of premises and other infrastructure to a hospital facility developer whose minimum investment capital is at least ten million United States Dollars and who develops a hospital at the level of a national referral hospital with capacity to provide specialised medical care.	Nil