

**BILLS SUPPLEMENT**

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**Bill No. 3**

*Excise Tariff (Amendment) Bill*

**2013**

**THE EXCISE TARIFF (AMENDMENT) BILL, 2013**

**MEMORANDUM**

The object of this Bill is to amend the Excise Tariff Act to provide for excise duty value added services, incoming international call services, money transfer services; and to replace the Schedule prescribing the rates of excise duty payable under the Act and for related matters.

**MATIA KASAIJA, (MP),**  
*Minister of State for Finance, Planning and  
Economic Development (Planning),  
Also Holding the Portfolio of  
Minister of Finance, Planning and Economic Development.*

THE EXCISE TARIFF (AMENDMENT) BILL, 2013.

ARRANGEMENT OF CLAUSES.

*Clause*

1. Commencement.
2. Insertion of new section 3B.
3. Replacement of schedule.

A Bill for an Act

ENTITLED

**THE EXCISE TARIFF (AMENDMENT) ACT, 2013**

**An Act to amend the Excise Tariff Act to provide for charging provisions for excise duty on value added services, incoming international calls and money transfer services and to replace the Schedule prescribing the rates of excise duty payable under the Act.**

BE IT ENACTED by Parliament as follows:

**1. Commencement.**

This Act shall be deemed to have come into force on 1st July 2013.

**2. Insertion of new Section 3B.**

The Excise Tariff Act is amended by inserting immediately after Section 3 AA, the following new section—

**“3B. Excise duty on value added services, incoming international calls and money transfer services.**

(1) There shall be charged excise duty at the rate specified in the schedule, in respect of the provision of—

- (a) value added services;
- (b) incoming international call services;
- (c) money transfer services, except by banks.

(2) The duty shall be levied, in the case of—

- (a) value added services, on the charges by mobile cellular phone service providers for the value added services;
- (b) incoming international call services on the charges by international telephone services providers on the calls; and
- (c) money transfer services on the charges by operators licensed to provide a communication service or money transfer services.

(3) The duty shall be collected and paid in the case of—

- (a) value added services and incoming international call services, by operators licensed by Uganda Communications Commission to provide a communication service;
- (b) money transfer services by operators licensed to provide a communication service and other persons licensed to provide money transfer services.

(4) Where no usage fee is charged, or where there is an application to own use by the person for the purpose of its business activities, the duty shall be charged on the market value of the services provided, as if this were a sale in the open market.

(5) The excise duty shall be charged together with the Value Added Tax but the credit input tax allowed under section 28 of the Value Added Tax Act shall not apply to the excise duty.

(6) The taxable value of the supplies referred to in subsection (1) shall be the price paid or payable by the consumer of that service excluding the Value Added Tax chargeable under the Value Added Tax Act and excise duty chargeable under the Excise Tariff Act.

(7) Every person collecting excise duty under this Act shall lodge a tax return with the Commissioner General on a prescribed form and pay the tax due by the fifteenth day of the following month.

(8) The East African Excise Management Act shall, with the necessary modifications, apply to the collection, payment and enforcement of the duty payable under this section.”

### **3. Replacement of schedule.**

For the Schedule to the Excise Tariff Act there is substituted the Schedule to this Act.

## SCHEDULE

Section 3,3A, 3AA, 3B

PART I—EXCISE DUTY IN RESPECT OF EXCISABLE  
GOODS AND SERVICES ARE AS FOLLOWS—

NO.	ITEM	EXCISE DUTY/ RATE OF EXCISE DUTY
1.	Cigarettes	
(a)	Soft cup (whose local content is more than 70% of its constituents)	UShs. 32,000 per 1000 sticks
(b)	Other soft cup	UShs. 35,000 per 1000 sticks
(c)	Hinge Lid	UShs. 69,000 per 1000 sticks
(d)	Cigars, cheroots, cigarillos containing tobacco	160%
(e)	Smoking tobacco, whether or not containing tobacco substitutes in any proportion	160%
(f)	Homogenised or reconstituted tobacco	160%
(g)	Other	160%
2.	Beer	
(a)	Malt beer	60%
(b)	Whose local raw material content, excluding water, is at least 75% by weight of its constituent	20%
(c)	Beer produced from barley grown and malted in Uganda	40%
3.	Spirits	
(a)	Made from locally produced raw materials	60%
(b)	Undenatured spirits	UShs. 4000/= per litre or 140% whichever is higher
(c)	Other	70%

4.	Wine	
(a)	Made from locally produced raw materials	20%
(b)	Other wines	70%
5.	Non-alcoholic beverages, excluding natural fruit juice drinks and/or vegetable juice drinks containing not less than 10% by mass of standardized fruit and/or vegetable juice	13%
6.	Mineral water, bottled water and other water purposely for drinking	10%
7.	Cement	Ushs. 500/- per 50 kgs
8.	Fuel	
(a)	Motor spirit (gasoline)	Ushs. 900/- per litre
(b)	Gas oil (automotive, light, amber for high speed engine)	Ushs. 580/- per litre
(c)	Other gas oils	Ushs. 580/- per litre
(d)	Gas oil for thermal power generation to national grid	Nil
(e)	Illuminating kerosene	Ushs. 200/- per litre
(f)	Jet A1 and aviation fuel	Ushs. 580/- per litre
(g)	Jet A1 and aviation fuel imported by registered airlines, companies with designated storage facilities or with contracts to supply airlines	Nil
9.	Cane or beet sugar and chemically pure sucrose in solid form	Ushs. 25/- per kg
10.	Cane or beet sugar for industrial use	0%
11.	Sacks and bags of polymers of ethylene and other plastics under its HS codes 3923.21.00 and 3923.29.00 except vacuum packaging bags for the beverage and food industry	120%
12.	Cosmetics and perfumes	10%
13.	Telecommunication services	
(a)	Value added services	20%
(b)	Incoming international call services	USD \$0.09 per minute
(c)	Money transfer services, except by Banks	10% of the fees charged
(d)	Other Usage of airtime	
	(i) Mobile cellular devices	12%
	(ii) Landlines and public pay phones	5%

**PART II—CALCULATION OF EXCISE DUTY PAYABLE IN  
RESPECT OF EXCISABLE GOODS AND SERVICES  
WHOSE EXCISE DUTY IS EXPRESSED IN PERCENTAGES**

**1. Calculation of excisable duty payable.**

The excise duty payable by a person in respect of excisable goods or services whose excise duty is expressed as percentages shall be calculated using the following formula—

**A x B**

Where,

**A** is the value of the excisable goods or the excisable service;  
and

**B** is the rate of excise duty applicable to the goods or service.

**2. Determination of value of excisable goods and services.**

(1) The value of an excisable good shall be the normal ex-factory price of the good exclusive of any tax on that good.

(2) The normal ex-factory price of the good shall include raw material costs, manufacturing costs, labour costs, profit margin, bank charges and interest and all other costs, charges and expenses incidental to the factory, production and sale.

(3) The value of an excisable service shall be the price paid or payable by the consumer of that service excluding value added tax chargeable under the Value Added Tax Act and excise duty chargeable under this Act.

(4) In the case of non-arm's length transactions, the normal ex-factory price shall be the price at which the transaction would have occurred in the ordinary course of business between the person liable to excise duty and an independent person dealing at arm's length and, in cases where the price cannot be determined, the price shall, subject to this Act, be decided by the Commissioner.



(5) A sale in the open market between a manufacturer and a buyer independent of each other presupposes—

- (a) that the price is the sole consideration;
- (b) that the price is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the manufacturer or any person associated in business with him and the buyer; and
- (c) that no part of the proceeds of the subsequent re-sale, use or disposal of the goods or services will accrue either directly or indirectly to the manufacturer or any person associated with him.

(6) Notwithstanding this Act, where the Commissioner is satisfied that an arrangement has been entered into or carried out where—

- (a) a person has obtained an excise duty benefit in connection with the arrangement; and
- (b) having regard to the substance of the arrangement, it is concluded that the person, or one of the persons, who entered into or carried out the arrangement did so for the sole or dominant purpose of enabling the person to obtain the excise duty benefit,

the Commissioner may determine the liability of the person who has obtained the excise duty benefit as if the arrangement had not been entered into or carried out, or in a manner as in the circumstances the Commissioner considers appropriate for the prevention or reduction of the excise duty benefit.

(7) In this section—

- (a) “arrangement” includes an agreement, promise, or undertaking whether express or implied and whether or not enforceable, or intended to be enforceable, by legal proceedings, and a plan, proposal, course of action, or course of conduct; and
- (b) “excise duty benefit” includes—
  - (i) a reduction in the liability of a person to pay excise duty;
  - (ii) an increase in an entitlement of a person to a credit or refund; or
  - (iii) any other avoidance or postponement of liability for the payment of excise duty.

(8) The value of an imported excisable good is the sum of the value of the good ascertained for the purposes of import duty under the laws relating to customs; and the amount of import duty payable on that good.

(9) The value of an excisable service is the amount exclusive of any tax and duty, paid or payable by the final consumer in consideration for the service.

(10) Where no amount is paid in consideration for the excisable service under subsection (9) or where there is an application of the excisable service to own use by the person providing the service, the value of the excisable service shall be the market value of the excisable service.

(11) The taxable value of money transfer services by cellular service providers, money transfer agencies and other financial service providers shall be the fees charged for a particular money transfer service transaction.