
BILLS

SUPPLEMENT No. 4

27th March, 2024

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Bill No. 53

Value Added Tax (Amendment) Bill

2024

THE VALUE ADDED TAX (AMENDMENT) BILL, 2024

MEMORANDUM

The object of this Bill is to amend the Value Added Tax Act, Cap. 349 to classify the supply of goods or services by an employer to an employee at no consideration as a taxable supply; to increase the threshold for the offset in case of overpaid tax from five million shillings to ten million shillings; to amend the First Schedule to include African Reinsurance Corporation (Africa Re), International Regulatory Board of the East African Power Pool and Islamic Cooperation for the Development of the Private Sector as listed institutions; to amend the Second Schedule on exempt supplies for purposes of reforming the VAT exemption regime and for related matters.

MATIA KASAIJA (MP),
Minister of Finance, Planning and Economic Development.

THE VALUE ADDED TAX (AMENDMENT) BILL, 2024

ARRANGEMENT OF CLAUSES

Clause

1. Commencement
2. Amendment of Value Added Tax Act
3. Amendment of section 7 of principal Act
4. Amendment of section 10 of principal Act
5. Amendment of section 18 of principal Act
6. Amendment of section 42 of principal Act
7. Insertion of 66A in principal Act
8. Amendment of First Schedule to principal Act
9. Amendment of Second Schedule to principal Act
10. Amendment of Third Schedule to principal Act

A Bill for an Act

ENTITLED

THE VALUE ADDED TAX (AMENDMENT) ACT, 2024

An Act to amend the Value Added Tax Act, Cap. 349 to classify the supply of goods or services by an employer to an employee at no consideration as a taxable supply; to increase the threshold of the offset in case of overpaid tax from five million shillings to ten million shillings; to amend the First Schedule to include African Reinsurance Corporation (Africa Re), International Regulatory Board of the East African Power Pool and Islamic Cooperation for the Development of the Private Sector as listed institutions; to amend the Second Schedule on exempt supplies for purposes of reforming the VAT exemption regime and for related matters.

BE IT ENACTED by Parliament as follows:

1. Commencement

This Act shall come into force on the 1st July, 2024.

2. Amendment of Value Added Tax Act

The Value Added Tax Act, Cap. 349, in this Act referred to as the principal Act, is amended in section 5, by inserting immediately after subsection (1) (a) the following—

“(ab) in the case of supply of goods through auction, is to be paid by the recipient of the proceeds of the auction;”

3. Amendment of section 7 of principal Act

Section 7 of the principal Act is amended in subsection (4A), by repealing paragraph (c).

4. Amendment of section 10 of principal Act

Section 10 of the principal Act is amended by substituting for subsection (4) the following—

“(4) The supply of goods through auction by an auctioneer in the course of auctioning goods is treated as a supply of goods by the recipient of the proceeds of the auction.”

5. Amendment of section 18 of principal Act

Section 18 of the principal Act is amended by inserting immediately after subsection (9) the following—

“(10) The supply of goods or services by an employer who is a taxable person to an employee, for no consideration shall be regarded as the supply of goods or services for consideration as part of the person’s business activities.”

6. Amendment of section 42 of principal Act

Section 42 of the principal Act is amended in subsection (2), by substituting for the word “five” the word “ten” wherever it appears.

7. Insertion of 66A in principal Act

The principal Act is amended by inserting immediately after section 66 the following—

“66A Failure to withhold tax

(1) A withholding agent who fails to withhold tax in accordance with this Act is personally liable to pay to the Commissioner the amount of tax which has not been withheld, but the withholding agent is entitled to recover this amount from the person.

(2) The provisions of this Act relating to the collection and recovery of tax apply to the liability imposed on the withholding agent by subsection (1) as if it were tax.”

8. Amendment of First Schedule to principal Act

The principal Act is amended in the First Schedule by inserting the following in its appropriate alphabetical order-

“African Reinsurance Corporation (Africa Re);
International Regulatory Board of the East African Power Pool;
Islamic Cooperation for the Development of the Private Sector;”

9. Amendment of Second Schedule to principal Act

The principal Act is amended in the Second Schedule—

- (a) in paragraph 1, by repealing subparagraph (b);
- (b) in paragraph 1, by inserting immediately after subparagraph (s) (xxxl) the following—

“(xxxii) hoes.”;

- (c) in paragraph 1, by inserting immediately after subparagraph (se), the following—
- “(sf) the supply of an electric vehicle locally manufactured or supply of frame and body of an electric vehicle locally fabricated;
 - (sg) the supply of electric vehicle charging equipment or supply of charging services of an electric vehicle;
 - (sh) the supply of pesticides;
 - (si) the supply of fertilizers, seeds and seedlings;
 - (sj) the supply of cooking stoves, that use fuel ethanol, assembled in Uganda, up to 30th June, 2028”
- (d) in paragraph 1 (x), by inserting immediately after the words “lifesaving gear” the word “safety”;
- (e) in paragraph 1(dda), by inserting immediately after the word “projects” the words “and does not include goods and services used for personal and domestic use;”
- (f) in paragraph 1, by inserting immediately after subparagraph (pp) (vii) the following—
- “(viii) manufactures an electric vehicle, electric battery or electric vehicle charging equipment or fabricates the frame and body of an electric vehicle;”
- (g) in paragraph 1, by repealing subparagraph (ggg) (i); and

- (h) in paragraph 2, by inserting immediately paragraph (c) the following—

“(ca) “pesticides” means insecticides, rodenticides, fungicides and herbicides, but does not include pesticides packaged for personal or domestic use;”

10. Amendment of Third Schedule to principal Act

The principal Act is amended in the Third Schedule—

- (a) in paragraph 1, by repealing subparagraph (e); and
- (b) in paragraph 4, by repealing subparagraph (b).

