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**Thursday, 11 May 2017**

*Parliament met at 2.08 p.m. in Parliament House, Kampala.*

PRAYERS

*(The Deputy Speaker, Mr Jacob Oulanyah, in the Chair.)*

*The House was called to order*

COMMUNICATION FROM THE CHAIR

**THE DEPUTY SPEAKER:** Honourable members, I welcome you to this sitting. I would like to thank the Members who were here yesterday and we were able to handle three Bills. Today, we have two and we also need to finish them, just like we did yesterday. Finishing with these will enable us to focus on the expenditure side of the budget because we will have finished with the revenue side today. If we could do that, we will start looking at the reports next week.

I will alter the Order Paper to accommodate one petition. We will just receive the petition and give guidance on how it will be handled. I will also alter the Order Paper to contain the statement by the Parliamentary Forum on Media Access to Information and Press Freedom. The day was commemorated some days before but today, I will admit the Member who is responsible for this, hon. Paul Amoru of Dokolo County North, to make this statement.

Honourable members, yesterday and today are also days that have been set aside by the United Nations for Action on Road Safety. Therefore, we are calling upon all of you to observe the seventh year of the United Nation’s Decade of Action for Road Safety 2011-2020 and the further promotion of the objectives of the decade during the Fourth United Nation’s Global Road Safety Week under the theme *“*Managing Speed*”* to be held on 8th – 14th May 2017. Please, bear this in mind. There is a statement that is accompanying it. We will upload it on the iPads so that all the Members can see what this is all about.

With those alterations, let us proceed with our business.

2.12

**MR LATIF SEBAGGALA (Independent, Kawempe Division North, Kampala):** Thank you very much, Mr Speaker. I rise on an issue of national importance. When *Afande* Kaweesi was assassinated, several arrests were made and many suspects were taken to jail. After the arrests of the suspects, the police went to the various homes of the suspects and arrested about 12 children of these suspects. Many of the children ranged between two and 18 years old. It is now close to a month since they were first kidnapped. Police did not confirm that they had these children but some days ago, they confirmed that they had them.

According to the law on children’s rights, they are entitled to protection. As a member of the Parliamentary Forum on Children, I would like to state that the Minister of Internal Affairs has never come up to tell us the circumstances under which children – because their fathers are suspects – can be arrested and kept incommunicado for almost a month without any explanation. Parents have been crying because some of them are as young as three and four years.

Mr Speaker, my humble prayer is to request the minister to come with a formal statement explaining what happened *– (Mr Ssewungu rose\_)*

**THE DEPUTY SPEAKER:** Do you want to respond to the issue that the Member has raised? *(Laughter)*

**MR SSEWUNGU:** I have some vital information, Mr Speaker. Thank you very much, colleague, for giving way.

This matter is very serious. Under the Children’s Act and Uganda’s laws, children must be held in gazetted areas that are known by Government. For example, if a child is mentally retarded, we know where he is held. If he is a disabled child, we know where he is held. When I listened to one of the police spokespersons, Emilian Kayima, he was narrating a place somewhere in Nakifuma, which is not known. I think there is violation of laws and mishandling of children.

That is the information I wanted to give. Under Uganda’s laws, you cannot keep someone’s children in an area which is not gazetted and known by Government. That is what is established under the Children’s Act.

2.15

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, we will ask the Minister of Internal Affairs to come and make a statement on Tuesday.

2.16

**MS SHEILA KABAIJE (NRM, Woman Representative, Kiruhura):** Mr Speaker, I rise on a matter of national importance. You recall that many times, we have been raising this issue of ticks and tick-borne diseases. Livestock has been lost across the country in over 55 districts, commonly known as the cattle corridor, which is nearly half of this country. However, apparently, the matter has gone to alarming levels and I think we would be right to call it an epidemic now. On a daily basis, thousands of animals are lost and this is the livelihood of very many families. This is where they get money for their food, fees, medical bills and everything else.

Mr Speaker, some time last year, this Tenth Parliament passed an emergency fund for importation of drugs. The minister promised that a special consignment had been imported of a drug to which ticks had not developed resistance. It is close to a year and nothing has been done. The farmers and the country are making losses. Individuals have nearly committed suicide because of such serious losses.

Mr Speaker, nothing has been done. Even young people had been trained to handle the matter and help farmers. I would like to refer to this as an outright refusal to act on the part of the ministry.

My prayer is that the ministry comes up to explain why they have allowed such losses to happen to individual farmers, in the national income and in foreign exports. I would also like the ministry to tell us how far they have gone with the fight against ticks and tick borne diseases. Finally, I request the minister to tell us what they are doing about the regulation of the importation of fake drugs in the market? Thank you, Mr Speaker.

**MR LOKII:** Thank you, Mr Speaker. I would like to add information regarding the plight of farmers who are keeping animals in this country.

We are aware that more than 60 districts in the country are livestock dependent for their livelihood. I remember we raised the issue of outbreak of cattle diseases including Foot and Mouth Disease in this House some time at the beginning of the year. The minister promised to come and give a comprehensive report of what plans the Ministry of Agriculture, Animal Industry and Fisheries and specifically, the docket of livestock is doing in order to help the farmers who have nearly lost the battle to ticks and tick borne diseases in the country.

Mr Speaker, the alarming level of tick borne diseases prevalence in the country does not mean that the farmers do not care about the health of their animals. They are doing a lot. The only problem is that we have ineffective acaricides in the country. Farmers buy acaricides and spray on the animals against ticks. However, animals still succumb to tick borne disease. This, therefore, tells us a lot about the supervision of the National Drug Authority in allowing drugs in the country that are not helping our farmers.

Therefore, we pray that the Ministry of Agriculture, Animal Industry and Fisheries comes to the rescue of farmers by taking control of the regulation and control of acaricides, and other veterinary drugs in the country. Otherwise, farmers will lose their livelihoods and they will be tempted to think that Government is not doing anything and yet, Government allocates funds to this subsector to control ticks and tick borne diseases in the country. Thank you.

2.21

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, it is true that this issue was raised on the Floor of the House and the minister was requested to come and report to the House. It is also true that when this issue came up, the Minister of Agriculture, Animal Industry and Fisheries requested for a supplementary to support them to fight this. So far, we have approved the supplementary of Shs 4.2 billion. We have also gone ahead to request the Ministry of Agriculture, Animal Industry and Fisheries that in case there is additional pressure, they have been given a go ahead to get drugs and then, we pay them in July. However, the Minister of Agriculture, Animal Industry and Fisheries will be informed to come here on Tuesday, if you allow space on the Order Paper, to brief the House and the country especially on the fake drugs that have come in the country and the plan that they have to address this.

**THE DEPUTY SPEAKER:** Thank you. Next item.

LAYING OF PAPERS

CERTIFICATE OF COMPLIANCE FOR THE ANNUAL BUDGET FOR FINANCIAL YEAR 2016/2017 – ASSESSMENT REPORT BY THE NATIONAL PLANNING AUTHORITY

2.23

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to lay on the Table a Certificate of Compliance for the Annual Budget for Financial Year 2016/2017 – Assessment Report by the National Planning Authority as required by the law.

**THE DEPUTY SPEAKER:** Let the records capture. That will be one of the documents that will be used in the course of the discussion of the budget. It is referred to the appropriate committees to inform them on the next steps. Thank you.

ADDENDUM TO SUPPLEMENTARY SCHEDULE 2 FINANCIAL YEAR 2016/2017

2.24

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to lay on the Table, an Addendum to Supplementary Schedule 2, Financial Year 2016/2017.

**THE DEPUTY SPEAKER:** Let the records capture. It stands referred to the Committee on Budget to handle within the discussion on the budget. Thank you.

STATEMENT BY THE HON. PAUL AMORU ON MEDIA AND PRESS FREEDOM

**THE DEPUTY SPEAKER:** Actually, it should be statement from the honourable member because our rules do not recognise those fora.

2.24

**MR PAUL AMORU (NRM, Dokolo County North, Dokolo):** Thank you very much, Mr Speaker. I would like to thank you for giving me this opportunity to issue a statement on the access of information and press freedom.

Last week on Wednesday, Uganda joined the rest of the world in observing the World Press Freedom Day. I should have had the opportunity on Thursday to make a statement in this regard but because we had the special tribute being paid to the former Presidential Commissioner, I did not have that opportunity.

I beg to move under Rule 45(1) of our Rules of Procedure. Several Acts of Parliament have been enacted by this House to ensure the smooth running of the Executive, Legislature, Judiciary and the general public.

Mr Speaker, allow me to draw your attention to section 43 of the Information Act, 2005. The Parliamentary Forum on Media observed that whereas the section provides for the annual report on access of information to be tabled to this House by Government Ministries, Departments and Agencies, there has not been any fulfilment recorded in 17 years. For particular emphasis, I will quote the law, “each minister shall submit an annual report to Parliament on request for access to records or information made to public bodies under his or her ministry in relation to the relevant years and shall indicate whether access was given or not and if access was not given, state reasons for the denial.” For avoidance of doubt, the annual report referred to in subsection (1) may be included in the annual policy statement of the ministry.

This laxity by Government departments endangers the purpose intended by the framers of the law, clearly highlighted under Section 3 of the same Act which provides:

1. *To promote an efficient, effective, transparent and accountable Government.*
2. *To give effect to Article 41 of the Constitution by providing the right of access to information held by organs of state other than exempts, records and information.*

Mr Speaker, for purposes of national security, privacy and avoidance of *subjudice*, the Act is emphatic in Section 2 and 21 where it ring-fences cardinal records and those of its committee, records of courts of proceedings before conclusion and access to personal health records. We should also pay attention to section 5 of the Act, which is enforced by Article 41 of the Constitution, which pertain to the right of access to such information by our citizens.

Mr Speaker, under Section 5, every citizen has a right of access to information and records in the profession of the State or any public body except where the release of such information is likely to prejudice the security or the sovereignty of the State or interfere with the right to privacy of any other person.

For avoidance of doubt, information and records to which a person is entitled or have access under this Act shall be accurate and up to date so far as it is practicable.

Lastly, Mr Speaker, last week, as I had observed at the beginning, we joined the rest of the country and indeed, the world to celebrate the International Day of Press Freedom. We acknowledge that for the past three decades of the current leadership, there has been significant level of growth in the media as a channel of communication to meet the social, cultural, political and economic demands of the time. The rise of new media supported by changing technologies have made it even more feasible for people to access news and information even where traditional media signals will not reach.

This rise, however, continues to be faced with challenges pertaining to content and the general freedom enjoyed today. Mr Speaker, prior to the celebration, there was a touching report on the annual index of press freedom in Uganda where increasing cases of violence against the media were highlighted. It is quite certain that in some cases of violence against journalists, which has continued to be meted particularly dominated by some elements in the security forces, individual culpability, in our view, should be pursued to deal with the errant officers who individually continue to be highhanded and end up soiling the name of security agencies as a whole.

We also call upon the Inspector General of Police, Gen. Kale Kayihura, to pay particular attention in this area and secure urgent and lasting redress. We also demand that members of the media should remain professional, responsible and accountable in their daily journalistic practice. We further call upon media house owners to create an enabling work environment and conditions to help uphold quality and professionalism.

Mr Speaker, as I conclude, we have the following prayers:

1. The forum prays that this House demands that Government departments heed to the provision of section 43 of Access to Information Act, 2005 and report to this House annually.

1. This report should also be made public and available to the media bearing in mind that press freedom is the bedrock of not only democracy but also transparency and accountability.
2. The House should continue to strengthen commitment to protect the freedom of expression of the media in line with Chapter 4 of our Constitution, particularly Articles 20, 27, 28 and 41 of the Constitution.

Mr Speaker, I beg to submit.

**THE DEPUTY SPEAKER:** Thank you for that statement. Our rules are not yet sufficient to cover debates on personal statements so we will leave it at that and proceed to the next item.

PETITION BY PERSONS AFFECTED BY THE FEASIBILITY STUDY AND DETAILED ENGINEERING DESIGN OF OLWIYO-KITGUM-MUSINGO ROAD PROJECT BY UGANDA NATIONAL ROADS AUTHORITY

2.34

**MS MARGARET LAMWAKA (NRM, Woman Representative, Kitgum):** Thank you very much, Mr Speaker. I present a petition to the Parliament of the Republic of Uganda under Rule 29 of the Rules of Procedure of Parliament of Uganda.

*TO: THE PARLIAMENT OF UGANDA*

*The Humble Petition of persons affected by the feasibility study and detailed engineering design of Olwiyo-Kitgum-Musingo Road Project by Uganda National Roads Authority.*

*STATES That your petitioners are persons affected by the engineering design of Olwiyo-Kitgum-Musingo Road Project in Northern Uganda, Acholi sub-region by Uganda National Road Authority.*

*Government seeks to address the long standing community concern on poor road network in Northern Uganda and in particular, Acholi sub-region, which entails the plan of improving the Olwiyo-Gulu-Acholibur-Musingo by upgrading it from murram to tarmac.*

*The Uganda National Road Authority has started a compensation process of persons whose property would be affected by the project. However, your humble petitioners have encountered a number of challenges during the compensation process including the following:*

*Undervaluation of the affected property, variations in compensation from land, partial compensation, delay in compensation, missing names of some of the persons affected, compensation of non-affected ghost persons, irregularity in the verification process, poor collaboration and transparency, inadequate clarity and ambiguity, controversies in payments, cracks and damage to buildings due to heavy machineries used in the construction process among others.*

*Therefore, your Petitioners pray that;*

1. *Parliament urges Government to deliberate and analyse the concerns of the affected persons against Uganda National Roads Authority in respect of the compensation process of the project affected persons.*
2. *Parliament urges Government to look into the conduct and actions of the Uganda National Roads Authority in the compensation process along Acholibur-Musingo Road project with the view of streamlining existing anomalies that have been created in the compensation process so that the project affected persons are fairly and justly compensated without any element of corruption.*

*And your Petitioners, as in duty bound, will ever pray and hereto appended your humble petitioners’ signatures as attached; they are 213.*

**THE DEPUTY SPEAKER:** We will restrict ourselves to the petition. Let the records capture the petition. Honourable members, the circumstances of this House are clear to us and no speaking at the petition and prayers under our Rules of Procedure Rule 29(6) gives guidance on how in certain circumstances, the Speaker can take some decisions on how a petition can best be handled.

In 29(6) “*The speaker may refer a petition to a particular minister where he or she is of the view that such a petition would be better handled by such minister and the minister shall report back to Parliament within forty five days*.” Honourable members, in my assessment and my opinion, this particular opinion would better be handled by the minister directly rather than having it go to the committee.

I, therefore, accordingly refer this petition to the minister responsible for the sector to carry out the investigation on the issues raised and come back to the House within the prescription of the rules and advise us on those issues that have been raised. Clerk, you are directed to extract a copy of the petition and forward to the minister for expeditious handling. Honourable minister, you have that job. Thank you.

BILLS

SECOND READING

THE INCOME TAX (AMENDMENT) BILL (NO.2), 2017

**THE DEPUTY SPEAKER:** Honourable members, I was advised that the second Bill was already in the committee. Therefore, can we start with the one in the committee and come back to this or is it okay for us to proceed this way. What is the opinion of the House? Can we start with the one that was already before the committee and then come back to this one?

**MR NANDALA-MAFABI:** Mr Speaker, maybe for information, we had done the Income Tax (Amendment) (No. 2) Bill, 2017 and we were going to the committee stage but the Lotteries and Gaming (Amendment) Bill, 2017 has a lot of relationship with the Income Tax (Amendment) (No.2) Bill, 2017. If we handled the Income Tax (Amendment) (No.2) Bill, 2017, then the other one would be quite easier for us.

Therefore, my proposal is that we start with the Income Tax (Amendment)(NO.2) Bill, 2017 and then move to the Lotteries and Gaming (Amendment) Bill, 2017.

**THE DEPUTY SPEAKER**: Clerk, was it for committee stage?

2.42

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, the Lotteries and Gaming (Amendment) Bill, 2017 had already come to the committee stage and the Income Tax (Amendment)(NO.2) Bill, 2017 was on Bills second reading - we were debating.

**THE DEPUTY SPEAKER:** Were we debating motion for second reading? So, it was not yet at committee stage? [MR BAHATI: “*No, It was not yet on committee stage.*”] Have you taken a vote on this? Had you gone to committee stage?

Honourable members, I am advised that the Income Tax Amendment Bill (No.2), 2017 had not reached committee stage. They were discussions that were held but the minister was supposed to come back to the House and give information on some aspects that the Members had raised before a vote could be taken. That is the information I have. Honourable minister, is that accurate? Do you have information, which we need to supply to the House?

**MR BAHATI:** Mr Speaker, the House had in fact requested the Speaker to crosscheck on the proposal, which was on the fFloor of the House. One was that instead of giving a tax holiday for 15 years, we would give it for five years renewable so that the House - (*Interjections*) - two years and we have crosschecked and if renewable is the decision for us to take and so, it has no problem. Then the other was by how much the effect would be. The effect will be from the current 11.5 cents to 7.5 cents. Thank you.

**THE DEPUTY SPEAKER:** Then the other aspects of - is it gambling or gaming? Was it also in this Bill?

**MR BAHATI:** I handled the Lotteries and Gaming (Amendment) Bill, 2017 yesterday, Mr Speaker. The Speaker requested me to lay at the Table the regulations, which I laid yesterday and also clarification that gaming is not supposed to take place in villages. And as I said, we have instructed all the necessary institutions that are supposed to do that to remove gaming from villages and we hope that immediately they should be taking action now so that there is no gaming in the villages.

**MR OKUPA:** The aspect was the minister was asked to come and lay the regulations formally and distribute 400 copies to Members of Parliament. I thought the minister was going to -

**THE DEPUTY SPEAKER:** No regulations were laid yesterday.

**MR OKUPA:** We do not see the copies in the pigeonholes. That is why the 400 - he only laid here but the other aspect was not concluded because we needed to look at this as we were looking at the Lotteries and Gaming (Amendment) Bill, 2017. So, in their absence, it becomes a bit difficult for us to handle. That was the condition. I do not know why you have not fulfilled.

Mr Speaker, I do not know why the honourable minister is pointing at me. I do not know what this means. I do not know whether we have resorted to using sign language; can you explain what that sign language means. Now he is changing to 3, 4 and I do not know. Therefore -

**THE DEPUTY SPEAKER:** No, he was cheering you. (*Laughter*)

**MR OKUPA:** Where you and I come from, it means a different thing. May be where I come from. Therefore, Mr Speaker, that was the condition; in the absence of those regulations for Members - because they raised some issues and he told us it was in the regulations and we said he should lay the regulations at the Table and give us copies. We do not have the copies and it will be very difficult for us to proceed if he has not fulfilled that. Thank you, Mr Speaker.

2.47

**MR JAMES KAKOOZA (Independent, Kabula County, Lyantonde):** Mr Speaker, the stage we had reached on the income tax was that we had debated, but we were to take a vote. For the section which was contentious, we can go to the committee stage and we amend it from there. This would be the best practice so that the Bill can be passed or not, instead of us saying Clauses 5, (2) as some are proposing.

2.48

**MR NANDALA-MAFABI (FDC, Budadiri County West, Sironko):** Thank you very much, Mr Speaker. What was in debate was as to whether we give either one year or nothing because the Minister would come to the House about Bujagali issue and say that they have computed the tax payable because this tax we are referring to is about profit. It is not that it is taxed before profits - the minister raised that this institution was involved in a lot of loans and there was a lot of interest which is supposed to be paid. However, we said that interest is allowance expenditure for tax purposes. Therefore, what is supposed to be taxed is the income. We asked why they want to give these people exemption not to pay income tax while you are taxing even the lowest earning staff who earn Shs250,000 and above. Why should you allow this multinational to come and take all the money without paying anything in the country and yet they are using our roads among other things.

Therefore, that is why we said go and look at it and comeback to the House and tell us why you are interested in only this, but not in the other Ugandans. I expected the minister to say we have come here to exempt Bujagali and other Ugandans from paying income tax not him to say the decision was to look at Clause 5 - that is a lie.

Finally, Mr Speaker, my request is that after the debate, the Clerk should extract what we have agreed upon and circulate to all members and to the person responsible because the minister assumed we would not be present and he comes to tell a lie to the House as if we are not aware. Thank you.

**THE DEPUTY SPEAKER:** Honourable members, concerning the issue of statutory instruments, they were laid yesterday. I am informed that they are right now being put in the pigeon halls of the members and if you would like to access them right now, then you can access yours from the pigeon halls. Concerning other matters, I think that these are laws, like I said yesterday, the principles are clear revenue generation and that is the purpose.

Therefore, we are better off moving to the committee stage to look at the actual provisions and deal with them from there. Would that be proper and can I put the question to the motion for second reading and then we examine this in detail? I put the question to the motion that the Income Tax Amendment Bill (No. 2), 2017 be read for the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE INCOME TAX (AMENDMENT) (NO.2) BILL, 2017

Clause 1

**THE DEPUTY CHAIRPERSON:** I put the question that clause 1 stand part of the Bill.

*(Question put and agreed to.)*

*Clause 1, agreed to.*

Clause 2

**MR NANDALA-MAFABI:** Mr Chairperson, on the interpretation of clause 2, I would like to propose that we –

**THE DEPUTY CHAIRPERSON:** We can handle the interpretation later. Let us stay clause 2 and come back to it when we finish with the rest of the Bill.

Clause 3

**MR NANDALA-MAFABI**: Mr Chairperson, clause 3 states that the minister is the one to be in charge of assessment. The person who is supposed to determine chargeable income is the Commissioner General. Therefore, there is no way the minister should get involved in this matter. In fact when you have a problem with the Commissioner General; you go to the minister. However, in this Bill they state that the minister now will be in charge of the statutory instruments and estimates rental taxable income in some areas. That is not his job; it is for the Commissioner General. Therefore, Mr Chairperson, clause 3 should be deleted.

**THE DEPUTY CHAIRPERSON:** Honourable members, can this Act give direct powers to the Commissioner General by delegation? Can we delegate to the Commissioner General the powers to make instruments?

**MR NANDALA-MAFABI:** Mr Chairperson, it is not statutory instruments but rental tax assessment.

**THE DEPUTY CHAIRPERSON:** No, it is saying by statutory instrument which means the process is advised, the minister gets the assessment from the people concerned and then by instrument - that is how it is supposed to be done. We cannot delegate to the Commissioner General to make statutory instruments.

**MR NANDALA-MAFABI:** Mr Chairperson, under section 95(2) of the Income Tax Act which has moved in the Tax Procedures Act, it is the Commissioner General to determine. However, here it states that for purposes of assessing rental tax in this section, the minister has no powers in determining chargeable income. There is no need of a statutory instrument in coming here to say that I am coming to issue a statutory instrument that should be the – but for him, the powers he has got as a minister is to bring a tax Bill like the one we are handling and say I have changed the tax rate on rental, but not this. If we allow this, we will be one of the unique cases in the whole world that the Minister of Finance is now getting involved in assessment of taxes.

**MR BAHATI:** Mr Chairperson, as you have said, the Minister of Finance will be working with the relevant people to come up with this instrument. For example, you have got to involve the Government Chief Valuer on these estimates that are coming up. I think that the best should remain with the minister responsible for this Bill to issue an instrument and even the Commissioner General will be involved in this.

This is the best way to do it because the minister is accountable to this House and the one in charge of this law and therefore, should be given the powers to assess and issue this instrument. Otherwise, it will be very complicated for the Commissioner General to issue an instrument.

**MR SSEWUNGU:** Thank you, honourable minister, for giving way. Mr Chairperson, I have had the statement from the minister talking about a Government valuer when we are talking about rental income. I would like to know how the two come together, in rental income - whye do you bring in a Government valuer? Could you explain that?

Secondly, the reason as to why we are using the Commissioner General is because of competence and expertise in that field.

**MR BAHATI:** The minister does not assess rentals, he prescribes the estimates and the assessment is done by the technical arms. Therefore, I really do not get hon. Nandala-Mafabi’s point when he says it should not be done by a minister, but a Commissioner General who is actually under the minister anyway. What are you saying exactly?

**MR JACOB OPOLOT:** Honourable minister, first of all, I want to say that this is not really unfriendly because it is equally friendly.

Honourable minister, you are saying that it should be the minister responsible because the minister is accountable to this House. Do you want to indicate to us that you want to play the role of all entities under your ministry simply because you are the one accountable to this House? Don’t you think you can still work through those entities and you remain accountable to this House in as far as that duty is concerned?

**MR BYABAGAMBI:** Mr Chairman, as you listen to Members, you get more confused in this matter. I think it is a question of language in this case. There are two things here; assessing and statutory instruments. The statutory instrument must automatically be done by the minister. Assessing - *(Interruption)*

**MR NANDALA-MAFABI:** Mr Chairman, I think this is abusing your colleagues by saying we do not understand. Let me read for you because you do not have the law so that I can put my point of order across. It says amendment of Section 5 of the principal Act, which talks about chargeable income.

It says, “Section 5 is here by amended by inserting immediately after Subsection 3 the following new subsections:

4) For the purposes of assessing rental tax under this section, the minister shall by statutory instrument prescribe estimates of rent based on the rating of the rented property in its specific location.”

Mr Chairman, we have given the authority of assessing somebody’s tax to the Commissioner General, who reports to the Minister of Finance, Planning and Economic Development. He can hence direct the Commissioner General any time with the rates or the amount.

Therefore, is our friend in order to say that he does not understand, yet the law which we want to amend, talks about assessment that we see with our eyes?

**THE DEPUTY CHAIRPERSON:** Honourable member, do you want to rule on the point of order. *(Laughter)* The wording that the Member for Budadiri West has just read actually points to the same issue that the minister was trying to raise, except he used some words that were not proper. Therefore, it is not a very straight reading.

There is a responsibility to assess but then again there is also a responsibility to provide estimates by statutory instruments and the two are different. The assessing is not done by the minister but for purposes of assessing, the minister shall, by statutory instrument provide estimates for specific areas. That is what the provision says.

Therefore, if we are going to understand it, let us understand it in that context and if we are going to remove things from it, let us remove knowing that the responsibility to assess is still with the Commissioner General.

**MR OJARA:** Clarification, Mr Chairman?

**THE DEPUTY CHAIRPERSON:** Are you seeking for clarification from the Speaker? The Speaker is ruling and you are seeking clarification. Are you following what is happening, honourable member?

What you are raising as the point of order is actually what we should be discussing to assist each one of us to understand the situation so that we take a proper decision on this subject. I cannot therefore rule the member out of order.

Would you like to explain it properly, honourable member for Ibanda North?

**MR OJARA:** Can I have my clarification, Mr Chairman?

**THE DEPUTY CHAIRPERSON:** Who are you seeking clarification from, honourable member?

**MR OJARA:** From the minister.

**THE DEPUTY CHAIRPERSON:** Let him finish please.

**MR BYABAGAMBI:** Mr Chairman, it is Ibanda South not Ibanda North.

**THE DEPUTY CHAIRPERSON:** Proceed.

**MR BYABAGAMBI:** I thank you, Mr Chairman, for the wise ruling. Actually what I wanted is that we differentiate between assessing and the instrument. I am not a draftsman that could separate the two; somebody should probably help us to separate the two so that the two functions can lie where they are supposed to be and we proceed. That is what I wanted to raise.

**MR OJARA:** Thank you, Mr Chairman. I just want to seek clarification from the minister. In my understanding, first of all, assessment is a technical function not a political function. The minister normally carries a political function so the Commissioner General is a technical person, who should be mandated to carry out assessment of tax not the minister.

Therefore, I would like to understand from the minister if he thinks assessment of tax is a technical function or is it a political function?

**MR BAHATI:** Mr Chairman, the assessment is not going to be done by the minister but prescribing the estimates, which have been assessed, would be proper legally to be communicated through an instrument by the minister. That is what we are saying.

**MR MUSASIZI:** Thank you, Mr Chairman. We need to note that rating of properties is a matter that is already provided for under the Property Rating Act, 2005 and this applies to local governments.

Also most important to note is that the measure is intended to put those who underestimate the value of rent into the taxable bracket.

Mr Chairman, we also need to consider what hon. Nandala-Mafabi is proposing. I am of the view that we replace “the minister” with “the Commissioner General” and delete the word “by statutory instrument.”

It will therefore read, “For the purposes of assessing rental tax under this section, the Commissioner General shall prescribe estimates of rent based on the rating of the rental property in a specific location.” This is my proposal.

Mr Chairman, I need protection from the Leader of Government Business. *(Laughter)*

**THE DEPUTY CHAIRPERSON:** Proceed. You are protected.

**MR MUSASIZI:** Why don’t we think about this and see how best we can get these out of our way?

**THE DEPUTY CHAIRPERSON:** Can we read both subsections so that we handle it comprehensively? This is because it continues in subsection (2). The true import of what is provided in subsection (1) is in subsection (2). So let us understand both and then we see how to proceed.

**MR JAMES KAKOOZA:** Chairperson, when I look at the object of the Bill and the section which they have put on the amendment, it says, “To empower the minister to issue estimates of rent for the purposes of assessing rental tax.” If you look at the whole section, the power of estimates does not belong to the Commissioner General, it does not. It must be by a statutory instrument by the minister – yes. We give the Commissioner General the authority by dictates of the law. However, they are talking of a statutory instrument to empower a minister to give estimates. For instance, in the Land Act, we empower the minister to say that you have the discretion in the allocation of that particular land. The valuer will depend on the market of that particular place. We gave permission to the minister by the statutory instruments.

In the same essence, you must be consistent with that law to empower a minister to estimate, in case that allocation is in Kampala; it cannot be the same value with the one in Buloba. If we want to be consistent and within the object of the Bill - I think that the person that drafted wants to be consistent to empower a minster to estimate, so that the allocation within the property is – because in the third schedule, the rate to be used in rent property is known. If you are beyond 255 – okay –

**MR NANDALA MAFABI:** Thank you, Mr Chairman. Thank you, hon. Kakooza, for giving way. The information I would like to give concerns section 5, which is concerned with rental tax imposed. It says that everybody that has rental property shall file a return and will impose a tax.

The same law says that the Commissioner General will assess and it will be according to chargeable income. The information I would like to give in here is that the minister is to determine the charge for the rentals. For example, he can say that this building is Shs 1,000,000 instead of the Commissioner General, who is responsible for computing that taxable income and assessing it. The minister wants to be the one to compute the income and then inform the Commissioner General that just apply, say 20 per cent.

The moment you produce estimated rental income, you have produced income which must be taxed. The information I would like to give is that the minister wants to take the power from the Commissioner General; the power of raising assessment. In short, the minister wants to assume the power to assess.

**MR BAHATI:** Thank you, Mr Chairman. I would like hon. Nandala to listen to this member of the Financial Committee with a special place in the House. The rental tax is based on the rent charged, for instance, if you are located on Kampala road, the tax that you pay is commensurate to the rent that you are charged. I think that should be understood.

However, the instrument that we are talking about of the minister is for purposes of estimating the rent payable in specific location. The minister working with different arms of technical staff of Government will estimate and say, for instance on Kampala Road, through the research that we have done, we think that the rent should be in this range. When the Commissioner comes in to assess and charge tax, he/she is guided by an instrument. That is what we are saying, hon. Nandala.

I think that it is important that we don’t confuse the two roles, for you to say that the Commissioner General should estimate and at the same time charge, you will kill the Real Estate sector. Let the minister estimate and the commissioner should just implement in the different locations. It is already done in the local Government Act.

**MR KAKOOZA:** That was the essence of my submission. It raises conflict of interest. If the minister is allowed, this is a different path. We are dictating terms that when you go to Kampala Road, this is the rent you must go and stock. If you go to Buloba, this is the amount of money you pay in that range.

**MR NSEREKO:** Thank you, Mr Chairman. The issue is that you charge taxes not depending on the location – let me tell you, the issue in firming taxes is that you look at the value. For instance, it does not matter whether I have sold good in Arua and got Shs 300,000,000. The rate of the taxes should remain as such.

If I own a commercial building in Arua and acquire rent of about Shs 800,000,000, then I should pay the tax. The threshold should not be selected on location. It should be on the income raised from the property to Government. It would be a disincentive to both.

If I have a property in Bugolobi and you presume that the rent I have to charge there should be Shs 10,000,000. The market might not pay that. Maybe it is corner house and I have to charge Shs 2,000,000. The presumption you have generally is that the income I will get from there per annum is about Shs 20,000,000, whereas during our contractual obligations that I entered into, with Mr Kakooza, I got Shs 3,000,000 instead of Shs 20,000,000.

If you presume by location in charges of rent, I think we definitely get a problem. The issue I would like hon. Kakooza to clarify is, how shall we clearly get the rates and get a fair tax, when it is based on location and not based on actual figures and values of income accrued?

**MR KAKOOZA:** The Act is clear. If you get a turnover of let say Shs 100,000,000 in your rental, the charge is 10 per cent or 15 per cent. The tariff rate is determined for you in the third schedule. In here, what the ministry is looking for is that wherever you go – when you go to Kampala Road –(*Interjections*)- wait, I am explaining - when you empower a minster by statutory instrument, it says that when you get the rent – like when you go to Kabula in Lyantonde, you cannot assess that same person like somebody on Kampala Road - [*Members rose*]. Let me complete my point. The minister is seeking an estimate on areas – I can give the minister way to – *(Laughter)*

**MR BAHATI:** Thank you, hon. Kakooza. Mr Chairman, I think there is no doubt that the rent that one pays has a correlation to the location one is in. That one, we cannot doubt it. Anybody that has been involved in Real Estate or building knows that there are three things that matter; location, location, location. The point I am making here is that we have had situations where URA comes and says that you are supposed to pay this much out of your rent that you are getting.

However, you say that I am not getting that rent. Who should come and help the citizens? It should be Government to estimate and say in this area, this is what it is -(*Interruption*)

**MR ODONGA OTTO:** Thank you, honorable minister, for giving way. Mr Chairman, I am just giving the Minister information. You see, these days, people have a habit of signing two or three tenant agreements. If your rent if $5,000, they sign for that so that when URA comes, they tender in the lesser one to pay lesser money. What the Minister is saying is that we know that Kampala road is Kampala road and Wandegeya is Wandegeya so is Ntinda.

Therefore, if URA is coming to make an assessment based on the lower figure tenant’s agreement you gave, what the Minister is saying which I support by the way, is that we should know those who are privileged to have property on Kampala Road or Acacia Avenue or wherever - you are going to have certain threshold which Government knows. We are not going to leave it to the discretion of a taxpayer who can be compromised. They are saying that they should issue an instrument that in this location, you pay this because we need the money to support Government do other things.

**THE DEPUTY CHAIRPERSON:** Honourable members, let us have some order first. Hon. Kakooza was the one holding the Floor and he gave the right to the Minister and the Minister by some accident gave it to the Member of Aruu, now let us get back to order. Hon. Kakooza, please wind up.

**MR KAKOOZA:** I wind up by saying that the object of the Bill-

**THE DEPUTY CHAIRPERSON:** Honourable member for Kampala Central, you rose on information and that authority was given to you by hon. Kakooza. You did not have your own right.

**MR KAKOOZA:** The object of the Bill is saying, let the Minister who is politically accountable to citizens; I have an estate in Lubowa. These people came and estimated the amount I do not get. I did not appeal because they had come. However, if Government says please when you go to Lubowa, the range must be this one by statutory instrument –(*Interjections*)– come on, listen to us. When you go to Kololo, this is the range and this is done elsewhere in other governments –(*Interruption*)

**MR OKUPA:** Hon. Kakooza, are you debating basing on the argument that you had a problem with URA because they assessed you in Lubowa?

**MR KAKOOZA:** The threshold is already determined in the third schedule but the problem is one that the person who is accusing you is becoming a judge and a prosecutor. Therefore, the Government is saying that it is bringing a statutory instrument with a threshold and saying, when you go to a certain area, this is the minimum you pay.

**MR AOGON:** Thank you, Mr Chairman. First, in Africa we have a problem in managing our issues as leaders because we avoid using our experts. I thought what is critical for us is to let experts do their work and us as politicians we should use them.

Therefore, what I am saying is that, the Commissioner General should be the one to do the determination or assessment of taxes basing on realistic figures that somebody has earned from what he has done.

Even on the issues of rental income. You cannot say that the Minister should prescribe that when you are on Kampala road and that for instance you must pay starting from this as a threshold. Some of those houses do not even have parking space and that one alone determines how much rent somebody is going to pay and how many customers are going to take on that building - (*Interruption*)

**MR ODONGA OTTO:** Thank you for giving way. The information I am giving you is that the moment URA knocks on your door steps and they tell you that your rental tax is 10 million, the law is so unfair that if you want to challenge the decision of URA, you must first pay 30 per cent of the amount you are protesting.

Therefore, this is serious because the person assessing, for you to go their court you have to pay 30 per cent of the amount you are crying foul over. That is why we are saying that, we need another remedy where you know if you are in Kololo no one is going to ask you more than $1 million. There should be a threshold, a pendulum in which the taxing authority exercises discretion.

**MR AOGON:** I think that is quite good information. However, Mr Chairman as I wind up, you can say that there is that disadvantage of you paying 30 per cent before you lodge your appeal, but this is the House that makes laws. What binds our hands from making the law? We can adjust and do away with that one so that the path is clear and things become simple. What is wrong with us? We have the power with us.

However, world over, the Commissioner General is the one who has technical knowledge to do the right things so that we get the right things.

**MS ABABIKU:** Thank you, Mr Chairperson. My own understanding is the minister does work through technical officers and it is true that it is the minister who will be able to come to us and report where necessary. In this area, we need the minister to be answerable to us. Therefore, it does not mean that when we empower the minister, he or she should go along Kampala Road and do these things himself. Like a Member of Parliament, staff in his/her office will be able to help him or her.

Therefore, I would support the view that we should entrust our minister with the estimates. It is also true that my house in Adjumani will never have the same value as the houses I have in Kampala. It would be safe for us to have a threshold so that when the technical officers go on the ground to have this suggestion implemented, we shall have points where we do our analysis whether there is fair taxation or not. I therefore support the minister of finance’s view. Thank you.

**MR OJARA:** Thank you, Mr Chairman. We are debating as if we are not living a in scientific world. We are actually using perception, which does not apply in this current scientific context. I know taxation is an economic science. We even have what they call actuarial science, which can predict if you want to do a business, you can predict profitability even 30 years ahead.

Why are we trying to say that if you are living in Kololo or Mbarara or wherever, this amount of threshold should be charged? Why don’t we use the scientific evidence to do this assessment? Why can’t we use empirical science to determine the amount of tax that somebody is supposed to pay based on what you as profit?

**THE DEPUTY CHAIRPERSON:** Honourable members, I am trying to locate the specific rule but in the absence of it, I am going to make some decision.

I am aware that our rules provide that there are circumstances where strangers are permitted to address the House. Those are the same rules we use when Members are campaigning for the East African Legislative Assembly. We draw the bar and they address us from the bar.

The other circumstances under which a stranger is permitted to address the House is where for example a journalist has offended the House and has been asked to apologise. That journalist will be asked to tender their apology from the bar.

The same principle extends to advice that can guide the House in the absence of location of the rules; I will expand it to include an invitation to somebody who is not a member of the House but a stranger who can advise the House from the bar for us to take position or not.

I am, therefore, going to use that discretion to invite the Uganda Revenue Authority representative; who is in the House in the technical bench to address the House from the bar in the circumstances we are dealing with so that we can be guided. Hon. Nandala-Mafabi and all the other members you risk being outside the House please move this side.

This particular prerogative is given to the person from Uganda Revenue Authority. Please introduce yourself, what you do with the Uganda Revenue Authority and in a few minutes you will be permitted to address the issues you have been listening to and guide the House.

3.30

**MR CYPRIAN CHILLANYANG (Assistant Commissioner Business Policy, Uganda Revenue Authority):** Thank you, Mr Speaker. First of all, let us go to the background which is of people who own property, for example, on Kampala Road. We know very well that rent there could be up to about Shs 1.5 billion a month; but then you have a return where you are just receiving about Shs 200 million per month. You need to have a way of establishing that the people who are filing these returns are declaring the actual amount that would be got in that location.

Following the discussions in the House, the tax rate for rental tax was established a long time ago. It is 20 per cent of 80 per cent of the income that you receive as rent. That was passed in the Income Tax Act in 1997.

If it is a company, it would be 30 per cent of the rental income that you have received just like any other business income you would receive as a company. We are talking about the amount that you are going to apply that 30 per cent to; the rental income that you have put in your pocket.

Therefore, we are saying if you are on Kampala Road, you are definitely going to have more income received every month than somebody who is somewhere upcountry, like a member said in Arua or somewhere else.

The minister being Government should be able to say on Kampala Road, we have worked together with KCCA, the ministry of Works and whoever is responsible and we have established that an average amount of rent that is received from people who have a similar property on this road is this much.

So when URA is looking at people’s returns; for those who are compliant and have declared something of this amount those are okay. However, when you find somebody who has an outrageous low amount; we are giving you the power to raise it to this amount because it is the one that we know is acceptable in this location. Thank you. *(Applause)*

**THE DEPUTY CHAIRPERSON:** Thank you, can I ask him to withdraw now?

*(Question put and agreed to.)*

**MR LUGOLOOBI:** Thank you so much, Mr Chairman. *(Interjections)* Can I be protected?

**THE DEPUTY CHAIRPERSON:** Members let us have order.

**MR LUGOLOBI:** Mr Chairman, it is true that there has been a lot of abuse in this area. I happen to rent a property somewhere on Wilson Road. And it was very hard to extract a receipt of the money that you have paid to the landlord. The idea behind that was to hide the rental income paid to them.

URA tries in vain to establish the income earned by these same landlords. Indeed we have to find a mechanism of extracting rental income tax from these people.

If they are genuine like he said, no problem but if it is challengeable then there has to be a mechanism for challenging it. Personally, I do not see a problem with this assuming that the minister will genuinely establish the facts; there will be no problem. He will be working with technical people to establish the rental income based on a specific location.

For now, because we do not have an alternative solution to this problem, I suggest that we try this one after all we come here after every 12 months and we can amend accordingly.

**MR NSEREKO:** Thank you very much, Mr Chairman. We have heard from the expert and I have equally heard submissions from my colleagues trying to clearly state that the weakness is with the tax firmer.

We have been talking about what goes on in town all the time. Mr Chillanyang from URA clearly knows that they send out informers from the Uganda Revenue Authority, even when you are offloading or transporting goods, in order to ascertain whether you have fully paid the tax or not.

Hon. Lugoloobi has said that he has tried at Wilson Road to secure a receipt but he could not. As a prudent Ugandan, he would have called the Uganda Revenue Authority – (Interjections) - no this is real because it is what we are labouring to fight.

I am being very open - URA knows that these landlords give double receipts. They even rent some of these buildings, they do double accounting - the history is very simple. The courts of law can decide that matter.

If we want to do a clear amendment in the tenancy law we can come up with a new tenancy law, do the rent capping and many other things, including the firming of tax through rentals.

However, giving the minister sweeping powers now to say that by statutory instruments he will come up with estimates of rent is not right. Rent comes out of a direct negotiation. For example, I can go to hon. Kakooza an owner of a building known to me and I ask for a low rate for rentals. Assuming there is a sweeping rent and let us say he gives me a shop for Shs 2 million which a neighbour could not offer for Shs 2 million, that breaks the principle of willing buyer and willing seller in the equilibrium.

Another person will come in and give the same shop, due to price discrimination, to another person at Shs 6 million and that will be his discretion. However, the issue now is the filing of returns by comparing receipts. Is the receipt being presented by hon. Kakooza genuine? By interacting with the tenant Tenants come out clearly - and I would like to task Uganda Revenue Authority (URA) on this. For example, there is a building called Jumbo Arcade. We displayed all the tenants with receipts showing Shs 200,000 like hon. Otto said. URA did not even go down to interact with those tenants to find out. They clearly said, “We can give all the evidence. We pay that gentleman Shs 5 million for the shop, but he gives a receipt that doesn’t even show rentals with Shs 200,000”. URA *– (Interjections) -* please do not mix the weakness of URA as an institution. The people from URA did not even take it as incumbent upon themselves to go and ascertain these. Why?

The minister’s issue will not solve this. I am giving you a real example and can present these receipts and lay them at the Table. The reason is that some people within URA connive with the landlords and eat with them. Why I want the actual rentals is because I can build good commercial rentals in a place like Kyaliwajjala which may not be a high rise, but I may charge Shs 500,000. If you give me the chance to say that my threshold may end at about Shs 200,000 I may deny you the actuals by presenting figures showing that I actually charge Shs 200,000 when I charge Shs 500,000. Why? It is because of the weakness of the minister in showing the right threshold of the area.

Therefore, rent is as a result of demand not the minister’s threshold. If the demand for a particular shop – even if it is on Arua – is by 10 people, definitely the owner of the building increases the price because it is on demand, but not because it is on that particular location.

Therefore, giving a minister sweeping responsibility to come up with a threshold of a particular area and location will not help. The issue is coming up with a comprehensive law on things such as rent restriction. Members should not mix these two. In other countries rent restriction deals with the increase in rent per annum. For example, in Germany and the European Union they say you cannot increase rent by more than three per cent. This is in order to determine the equilibrium because it is a factor of production. It does not deal with taxation because taxation is from the actuals – what I earn and what I have given you. If you are not sure of what I have given you, you can crosscheck. That is my argument in this case, Mr Chairman.

**MR ODUR:** Mr Chairman, I would like to start by explaining the principle which we use in our taxation. In Uganda everybody is given the opportunity to assess themselves first – it is what we call self-assessment – and you file your returns based on what you estimate yourself. The issue here is that any owner of the property will have to assess themselves first and file a return. If you file a return, the designated officer at URA will look at that return and try to compare whether you have actually declared it truthfully. If there is any suspicion in what you have filed – which also happens in other returns that we file – then the commissioner is supposed to contest it.

However, because the commissioner is the one assessing you through URA, somebody else has to come in as a third party. Since there is a contest between the commissioner who originally looked at your return and found it to be unsatisfactory, the commissioner may now advise the minister such that the minister should first confirm and certify that what the commissioner is contesting is genuine. It is only then that the minister should issue a statutory instrument.

I think that principle is correct. We cannot leave somebody to under-declare and when URA contests, there is no third party. Here the minister is not going to issue a blanket statutory instrument. It is only where a return is contested *–(Interruption)*

**MR NANDALA-MAFAABI:** Thank you very much, colleague. You had started very well. The information I am giving is that the statutory instrument is not in dispute. What the minister wants power to do is to say that from now onwards, rent in this area per square meter is this much *– (Interjections) -* It will be by statutory instrument to determine rent assessment in that area *– (Interjection) -* I am giving information.

The minister will come and say in this place, this will be the rent at this time for tax purposes. Now, whether you file a return of more or less, that is up to you. What you are raising is when there is dispute. The moment the minister has issued a statutory instrument you cannot have a dispute with URA. It is finished and done. The only reason we are saying the minister should remain out is that if I have a problem with URA, I should go to the minister.

**MR ODUR:** Thank you for that information. Before I take the next information, I would like us to understand that if a minister issues a statutory instrument that I should be assessed at Shs 10 million, yet I have filed my return at Shs 0 because for the whole year nobody has rented my house, I cannot pay *–(Interruption)*

**MR OKUPA:** Mr Chairman, I just want to give my colleague information here as a correction to his submission.

**THE DEPUTY CHAIRPERSON:** Order! Let us listen to each other.

**MR OKUPA:** He is saying that it is when there is a dispute that the minister will issue an instrument. That is not correct. The minister issues instruments for the whole year. It is not on a case-by-case basis. I just wanted to give you that correction.

**MR JONATHAN ODUR:** Let me conclude by reading section 5: “A statutory instrument made under subsection (4)” – which we are contesting – “shall only apply to a person who fails to file a return in accordance with subsection (1) or whose return is misleading on the face of it and has been contested by the commissioner.” That is the point. It is a case-by-case situation and only when it is contested. It is here. Thank you.

**MR SSEWUNGU:** Thank you, Mr Chairman. I was surprised when you gave us this technical person to come in front of us and he is from URA. My first expectation was that he was not going to support this amendment because he is running away from his responsibility and that is very dangerous. I would like to assure you that if I was in charge of appointing him, I would have asked him to be off for some time. *(Laughter)*

Mr Chairperson, one of the complex taxes to collect in Uganda is the rental tax. Whenever, you talk about rental tax, you must consider the kind of collection you get under a threshold. If URA has failed, what will the minister do? That cannot happen. The moment you put locations and specifying them, you are worsening tax collection on rental incomes.

Mr Speaker, in Uganda today, you might find some buildings or locations in the central parts of Kampala that are charging less than those in Najjera and it depends on the setting. How do you give a minister the authority to determine the locations? That is out.

Secondly, I would like to ask the Committee on Finance, Planning and Economic Development what they have researched to come up with this kind of amendment. When you look at subsection (6), on the rental income under the income tax Act, you do not need to amend. I will take it and will answer you after – (*Interruption)*

**MR MUSASIZI:** Thank you, honourable colleague, for giving way. As a committee, we are in agreement and we have not proposed any amendment to this section. This is the information I wanted to give you.

**MR SSEWUNGU:** Mr Chairman, I think you have heard that. If the committee is giving us that then, why are we moving with this amendment?

Mr Chairman, first of all, who has the capacity to determine and know the people who are paying rent, it is URA. Does the minister have that capacity to find out all the locations and tax the amount of money that he is going to determine? That cannot happen –(*Interruption)*

**MR MUSASIZI:** Thank you, Mr Chairperson. Hon. Gonzaga, clause 3 in the proposed Bill reads that section (5), be amended by inserting, “(4) For the purposes of assessing rental tax under this section, the minister shall, by statutory instrument, prescribe estimates of rent based on the rating of the rental property in the specific location.

(5) A statutory instrument made under this subsection (4) shall only apply to a person who fails to file a return in accordance with subsection (1), or whose return is misleading on the face of it and has been contested by the commissioner”.

Mr Chairperson, why the committee is in agreement with the proposal is that even when you have concerns under (4) subsection (5) gives an exception. Subsection (5) explains circumstances under which (4) applies. We think this is in order and it should be passed by this House.

**MR SSEWUNGU:** Mr Chairperson, as I conclude - you were seeking clarification but you have just answered it.

Mr Chairperson, the procedure that you can follow if you have been assessed wrongly is to go to the Tax Appeal Tribunal. Let us not remove the authority of the commissioner. I know the honourable member for Ibanda wants to see me talking all the time.

Mr Chairperson, I do not support this amendment. Let us leave subsection (5), as it is. But for subsection (6), I do not support the amendments. You are going to worsen the situation, if you give the minister this kind of authority.

**MR OKELLO:** Thank you very much, Mr Chairperson. I have listened very attentively to the debate in the House. There is a school of thought that wants the Commissioner-General to assess the taxable income by statutory instrument.

Mr Chairman, the proposal is that the minister shall by statutory instrument - statutory instruments have effect of law. I think these are delegated responsibilities of Parliament. I do not know whether there is a precedent in this House where the authority to delegate such powers has been given to technical people who are essentially intended to implement directives. If there is no history of such a delegation to a technical person but rather to a minister, then it will not be prudent for us to even think that the Commissioner-General should be the one to handle this. This is a delegated responsibility that we can only give to honourable ministers not anyone else. Therefore, statutory instrument is a preserve of Parliament and Parliament can only delegate.

Mr Chairperson, to this extent I would like to propose that the provision that is in the Bill should be maintained and nothing else.

**THE DEPUTY CHAIRPERSON:** Honourable members, it is not possible that this Bill has come here without the proposal coming from the people we have appointed to collect our revenues. It is not possible. It is also not possible that this particular amendment is not sponsored by the URA. That is why the officer who stood there was there to confirm. I am surprised that it has shocked the honourable member for Kalungu.

The second principle is that there cannot be any taxation without representation. That is why this matter is here and that representation can be delegated by us, and the delegation has also limitation. We can only delegate to a minister. So, the issue we are interrogating is whether it makes sense of what URA is seeking under this amendment.

We are talking about categorization – maybe, if we take the case of vehicles, it could help. It will not be the first instance where Parliament has given different regimes for different areas. The same tax paid for motor vehicle that has capacity of 2000cc is not the same for a motor vehicle that has 5000cc capacity. That assessment is done by the Uganda Revenue Authority, who advices the minister say “For this, let us categorize like this”. The technical advice comes from the people who do these things.

On the issue of motor vehicles, the Ministry of Works and Transport and URA are involved in order to come up with a determination of reasonable taxation. I cannot begin to even imagine that in this particular instrument, the minister will sit under a tree in Omoro and decide that this is how it is going to be. It cannot be. It has to be a process that is informed by the people who are on the ground; all the technical people that can give proper guidance on the subject and then a compilation will lead to what you are now calling an instrument to give a general guidance on what brackets. For example, from this range to this range, would be reasonable. That is what the authority is seeking.

However, the Commissioner–General cannot do that. That is why they are coming to seek the authority of the House to give that guidance by instrument so that it is another delegated legislation, which they can use for purposes of getting taxes for the country.

Honourable members, let us not debate as if this thing is generated by Minister of Finance, Planning and Economic Development without regard to the URA. It cannot happen.

**MR MUWANGA:** Mr Chairperson, I have read the section of the amendment and I think we require some assurance on very specific questions. The amendment is, “For the purposes of assessing rental tax under this section, the minister shall, by statutory instrument, prescribe estimates of rent based on the rating of rental property in specific location”.

Now, that poses two challenges. I happen to deal in rental property. Rates are determined by the quality of your property, more often than not. In the same location in Ntinda, I can charge premium by the level of investment in my property. You can be in Ntinda and literally have a property that gives you small money. When they rate you per square meter on the surface area, they are likely to go wrong on many things.

My fear also lies in this small section here which states, “A statutory instrument made under this section shall only apply to a person who fails to file returns in accordance with subsection (1) or whose return is misleading on the face of it and has been contested by the Commissioner-General”. What does it mean literally? It means if the minister has specified a certain rate from Ntinda and on the face of it, there are disputes URA will go for the other one and ask for payment.

I would like to warn honourable members especially some of you who happened to trade in the same kind of business like me. At a critical time, they will come to your house and say you have not been paying proper rates. You simply will have to pay. I have seen it happen and it will happen again. (*Interjection*) I am not talking about residential houses but rental ones. I may go to run for Presidency of this country and I own a property on which I have been paying taxes. URA will all of a sudden say according to the rent area, I have been paying only Shs 1 million. From now on, I am supposed to pay according to what the statute says. I know somebody who was made to pay under these circumstances. It has happened elsewhere especially in a republic like Russia.

Now, we need to cure that. We need those assurances that this section of the law cannot be abused because it is likely to be abused. In the assessment of rental houses I have seen and as explained by my colleague, when you file a return to URA, URA gives you back a form to say they are satisfied or not. Under dispute, they will call you to dispute your return. They will come and evaluate your property and give you the proper rate. If you are not satisfied, you can go to the tribunal.

Therefore, I do not see what more powers the minister wants to have under the circumstances. How would this enhance the revenue collection by URA? What URA wants is to adequately go out of the way and collect enough revenue. What has been happening is that these huge rich fellows have been going out of the way to compromise the URA staff. The problem is with the competence of the URA staffs. (*Applause*) That is not the problem why they are not collecting enough revenue. I know because I deal with people who have properties downtown –(*Interruptions*)

Mr Chairperson, our appeal is that URA should style up and have competent staff to be above corruption. This power you seek here- I am here today and one day, I can predict as I did before, somebody in this House will come crying and it will not be me. I warned Amama Mbabazi, the Prime Minister then, during the debate on Public Order Management Bill. (*Laughter*) It was a critical time like this and he reasoned the same way as my friend here shaking his head. He looked at the number the other side and said we should vote. If you pass this law, believe me, it will catch up with one of us.

**THE DEPUTY CHAIRPERSON:** Honourable members, if the purpose is to ventilate whatever the minister will come with, would it help if that instrument is first brought to Parliament before its operation? Clearly, there needs to be some guidance from what URA is proposing. Would it be better if Parliament looked at it before they begin implementing it? Let them go, do a study and come back to the House to make the proposals. Would that make sense?

**MS NAGGAYI:** Mr Chairperson, I think we are not getting enough clarification from the minister. The problem in rental houses is that Uganda Revenue Authority and Government have not come up with contracts between landlords and tenants. That would be the first criterion. If there are tenants where is the contract? Now, we depend on receipts that mean nothing.

Therefore, the procedure and processes that URA bases on are not contractual. They are circumstantial and they are prone to abuse either way even if you bring the minister into the equation without contracts. You will realise that in other jurisdiction, there is no way the rental house’s value is disputed because it is based on contract. Even if it continues to run from contract, we will never have a point- There shouldn’t be receipts as if they are selling goods.

Honourable minister, can you tell us the basis on which URA has been evaluating? Is it contract or receipts? What is it that we would like to intervene on?

**THE DEPUTY CHAIRPERSON:** Here is a matter of returns. The assessments they are talking about are not receipt or contract; it is the returns that they file. This is for purposes of income tax which is assessed at the end of the year after you have filed your return. It is not a receipt. Maybe the receipt will come when they are dissatisfied. Principally, it is on the returns you have filed.

**MS NAGGAYI:** Mr Chairperson, we would like to do the right thing for both the landlords and the tenants –(*Interruption*)

**MR NANDALA-MAFABI:** The information I would like to give you, hon. Nabilah is that the income of Amos, if I am his tenant, is the expenditure in my business. The problem I am seeing here which the minister should address is that maybe the people trading in the shops down there are not making returns to URA because if I have rented a shop at $ 1 million per month, I should prepare that I got this income and my rental income for the 12 months is $ 24,000 or thereabouts. There is a form called IT4A in which, when I am filling my returns, I state who I paid my rent to, say to Amos. It is up to URA to check whether Amos saw the 24 million. That is where the problem is and if you had known that - that is the information.

**MS NAGGAYI:** As I conclude, I would like to say that we cannot legislate piecemeal. We realise that this will not cure the ills in the tenant-landlord issues. It is a big problem in Kampala and Wakiso and it is going to continue unless there is a comprehensive policy on this.

**MR BAHATI:** I just would like to clarify on the points raised. One, the honourable member raised an issue of whether you pay tax if your property is not occupied and the estimates have been given. That is the question you asked. Rental income is only payable where a person has earned income. Therefore, if you have not earned rent, you will not be taxed.

The second issue, which hon. Naggayi is raising, is that in other developed countries, you use contracts to check. We know this for a fact and as Ugandans, we know what this means. While in developed countries, every contract goes through the bank, here - A few days ago, we said URA should not even monitor what is happening on your bank account; we refused that proposal here.

Therefore, the estimates are not to defend Government collection money. They are to be fair to the landlord and to the person who is going to pay the tax and to assist the administration in collecting tax. If there is a dispute, let us have somebody who will provide some guidance instead of a landlord fighting with URA. Let us have some guidance and say, this is what you are going to pay. This is what we are saying.

However, the point that hon. Naggayi is rising cannot apply. We know for sure that there are people who have two contracts and two receipts. You pay Shs 200,000 - They even have two books of accounts –(*Interruption*)

**MR NSEREKO:** Thank you, honourable minister, for giving way. You are talking of a dispute, rightly so. However, are you aware that URA is your own agent as Ministry of Finance, Planning and Economic Development? Therefore, it should be your cardinal responsibility to champion the cause of Uganda Revenue Authority (URA) in firming all those taxes.

Therefore, would you be the best arbiter between URA and someone disputing the estimates of the Uganda Revenue Authority? This is in good faith. Even if it were URA and you are my immediate supervisor and therefore I act on your behalf, don’t you think - That is why hon. Naggayi was talking about piecemeal legislation.

If we need to refer that matter to a tribunal, which can be composed of members from the Ministry of Finance, Planning and Economic Development but also members from the local government and the public that immediately decide these matters within seven days and dispose of them. I think that would be better arbitration in this matter.

Therefore, the clarification I would like to seek from hon. Bahati is whether, as minister in charge of finance, you will be a good arbiter between your agent and someone whom you want to firm tax from?

**MR BAHATI:** Thank you, hon. Nsereko. I recommend that you read the book entitled, “*The speed of trust*”. Here, in this House, we have even given powers and bigger responsibility to the Minister of Finance, Planning and Economic Development than estimates of rent. Recently, when we passed the Tier Four Institutions Act, we gave the powers to the minister to determine the interest rate for moneylenders to charge.

Therefore, Mr Chairperson, as you can see, the House has exhausted all options. The debate is moving in a direction of giving the minister the responsibility to determine. A question should be put. (*Laughter*)

**MR OKUPA:** Thank you, Mr Chairperson. I would like to start from where the minister ended about trust. I think it is all because of a lack of trust; either trusting the minister or the technical people that people have all these reasons, like hon. Ssewungu said. Where I come from, it is said that trust is like virginity. Once it is broken, it cannot be restored to its natural form.

Mr Chairperson, the concern raised here and the fears raised by hon. Kivumbi about abuse - even the URA staff can be used to abuse this. The minister can also abuse this. That is why I talked about issues of trust. If we trusted one another, I would not even have the fear of giving the minister powers, not even Uganda Revenue Authority.

However, because of what we have experienced - Mr Chairperson, I can give you an example. When this issue of the handshake came, there are Members that have suffered because of the positions they took. In our laws, you can be allowed to pay tax in instalments. You enter an agreement with Uganda Revenue Authority that I am going to pay tax in three months but with interest.

There are among us here some Members who had imported cars. They had agreed to pay the taxes in three months but because of the positions they took in this House, they received letters requesting them to pay the tax within one month as their agreements were revoked. This is despite the fact that these agreements are provided for in the law.

Therefore, to Members who are saying we should give this thing to URA because if we give it to the minister, like hon. Kivumbi has said, he will abuse it, I would like to say that abuse is across the board. It is just the trust that we must have when we are passing this law.

Mr Chairperson, let us not use that argument. We can give this to the minister or curve it to URA. At one time, when I used to work with Uganda Revenue Authority in the rentals department as in charge, rental property in Kampala, after every year, I would look at the returns. There are those who would have declared nil income or less income.

Therefore, you go through the file and see where the potential under declaration is then you audit. You visit the tax payer to be able to assess. If, in your view, you find that a rental property on Kampala road, which has a lift, is tiled, is glassed has declared amount X yet you know that within that region - because you compare with the surrounding area.

The law gives the Commissioner-General powers, through those officers, to estimate because you have just said when you compare, it is below. Therefore, I would like to know from the minister whether that provision, which gives powers to a revenue officer or to the Commissioner-General to estimate, still exists if you find, in your view, that this tax payer has under declared. If the tax payer disputes, let him go to the Tax Appeals Tribunal and let him plead his case.

Therefore, I would like to know from the minister whether that still exists and if it does, would there be a need for this amendment to the Act because it is already provided for. Commissioner-General can estimate if he finds, in his view, that the tax declared in the returns is below the market rate in that area. Therefore, I just wanted clarification before I give my support either to the amendment or not.

**MR MUGOYA:** Thank you, Mr Chairperson. I have had the occasion to listen to all the honourable members who have submitted but it appears, in my humble opinion and consideration, that all our alluded fears and concerns have been catered for under the two proposed subclauses. Before, I go to subclauses (4) and (5), let us understand what we call a statutory instrument, its object and purpose.

In legislative drafting when, as Parliament, we decide to entrench a provision that we must have a statutory instrument, we are, by necessary implication, saying that we reserve the powers to revisit the decision of the Executive and that is the purpose of delegated legislation.

What is important, at this moment, is to see how we can monitor the implementation, the minor and major details within a statutory instrument. I think that, that is what the honourable chairperson brought out precisely. What is important for us to understand here is that, by having a statutory instrument under this law, we are preserving our powers as Parliament.

In subclauses (4) and (5), the chairman of the Committee on Finance read this out but I would also like to read it again for emphasis: “(4)For the purposes of assessing rental tax under this section, the minister shall, by statutory instrument, prescribe the estimates of rent based on the rating of the rental property in a specific location”. In other words, we are now seeing an Executive arm in the implementation and assessment of rental income tax. We are proposing that for people who are not truthful within their business operations. There is also a provision to cater for that and it states - that is where we now go to the technical side of hon. Nandala-Mafabi’s submission where we need the arm of the Commissioner-General.

It clearly states that a statutory instrument made under subsection (4) shall only apply to a person who fails to file a return in accordance with subsection (1) or whose return is misleading on the face of it and has been contested by the commissioner.

Therefore, the law is so liberal in the sense that you either go by what is provided by the Executive or, if you are truthful in your operations, you file the returns directly to the Commissioner-General and where there is an aorta of doubt, you will have recourse. It is as simple as that.

Therefore, in my humble submission, as I windup, I think that this proposal is timely, is liberal and caters for each party’s concerns. I thank you, Mr Chairperson.

**MS BABA DIRI:** Thank you very much, Mr Chairperson. I stand to support the minister in him setting the parameters of say, how much rent is collected in a certain location. However, I have a big problem. This can work very well in planned cities. For example, if one has houses in Kololo and they are of the same type with a compound. However, if you consider a place like Luzira where you find, in one area, a storied house as well as a small-roomed house, I do not know how we can use location to determine the rent. Will they consider the types of houses, which are built in those particular locations because there is a lot of confusion?

Therefore, let us add that in addition to location, we should also consider the type of house; whether it is storied, two or one-roomed. Otherwise, if you say that the entire location should pay the same amount of money, there are some, which are too small to meet that category. Let us also include the type of houses in addition to location. Thank you.

**MR WALUSWAKA:** Thank you, Mr Chairperson. I have listened but my biggest worry is to give the entire mandate to one person who is the minister. This makes some ministers untouchable and they do not listen to any suggestion from this Parliament. Therefore, I would like to propose that let Parliament remain with its powers otherwise they will go to Omoro and the minister says, this house will cost Shs 1 million and the law will cater for this. They continue to Kamuli and finally to Butaleja. (*Laughter*)

Therefore, I would like to say that giving a minister a blank cheque is very dangerous to our community. In our culture they say, two or three fools are better than one wise person. This means that the minister may be superior but when we are many, we are better than a superior minister. Thank you, Mr Chairperson.

**THE DEPUTY CHAIRPERSON:** Honourable members, the issue that has been articulated by hon. Okupa is the issue of trust and whether we can give this power to the minister. I asked a question here, which no Member has responded to. Would it help, if the issue is one of trust because this particular provision has been requested for by the people we put in charge of this sector - Would it help, if we do not trust the minister that much, for him to prepare the instrument and first bring it to the House and we look at it then they go and implement it? Would it help?

If even that will not help then it is not an issue of trust because if in the proposal we are saying, let us throw it back, give the powers because as Parliament, we do not have the capacity to go to the streets and determine for ourselves. Let the minister use whatever means he has to determine those things and come back with the instrument to us. We would then only approve after we have gone through it. Would that help?

Please, let us deal with that so that it is just one instrument and you are going to show that it is scientifically differentiated in the different areas. Thereafter, you can look at it, send it to the committee, come back and see what can happen.

**MR NSEREKO:** Mr Chairperson, hon. Baba Diri asked a question and it is realistic. You find a magnificent house in a slum. I would like to be honest. Kisenyi is a slum but when you put up rentals there, they fetch money. Within a slum, you may have some nice rentals and then you have some other houses that are not good. A sweeping provision of that nature, coming up with estimates is the reason as to why I was searching for the comprehensive law on rent and tenancy.

Nevertheless, in the absence of that, I am looking at two issues. I compared it to one -

**THE DEPUTY CHAIRPERSON:** No, honourable member. You have debated that one. Now I am asking about what I have proposed.

**MR NSEREKO:** Yes, Mr Chairperson -

**THE DEPUTY CHAIRPERSON:** Let us deal with the issue of whether intervention of Parliament in the process can help because you have already talked about that for quite some time now.

**MR NSEREKO:** Definitely it would help but to the extent of not determining what is charged at a given location because we have not gotten to that level of planning to give us those scientific results. Even if we sat as Parliament, and I am being genuine and honest, we are going to make this provision for collection of taxes in the entire country. However, the planning and the development patterns are not commensurate to what we are talking about because everyone erects a building where they want.

That is why someone said that they might have a commercial building in Omoro. When it is the only commercial building there, it may fetch much more money than a commercial building in Nakawa. However, by the sweeping provisions of the estimates, we lose the actual rationale of the legislation we want to arrive at.

Mr Chairperson, whereas your proposal is in good faith, the comprehensive law on tenancy and landlords will solve this matter. It will put the matter of taxation on rentals to rest.

**THE DEPUTY CHAIRPERSON:** Honourable members, this law that is being proposed is on income tax. Secondly, it will only come in, in instances where the Commissioner-General is not quite satisfied with the returns that have been filed, not all the time. Therefore, it is going to be on a case by case basis.

If your house is so small in an area that is supposed to be paying Shs 5 million and you file your returns, you will be told of the acceptable range and an on-spot assessment will be done. It is a guideline. This does not mean that everybody must do this. It is a case by case issue because it would be based on the return you have filed. If your return looks, on the face of it, to be deceptive, that is when they go and look at the thing and do all the other verifications before they come up with a decision.

**MR OKUPA:** Mr Chairman, before I make my position on it, I raised an issue to the minister about where the law that gives the Commissioner-General powers to estimate where, in his or her view, the returns or the statements submitted by the tax payer are either misleading or incorrect?

Under section 89(q)(b) and let me just read it because that is where my basis was and it says, *“A person who makes a statement to an officer of Uganda* -

**THE DEPUTY CHAIRPERSON:** Of which law?

**MR OKUPA:** Income Tax Act. It reads in 1(a), *“A person who makes a statement to an officer of the Uganda Revenue Authority that is false or misleading in a material particular or omits from a statement made to an officer of the Uganda Revenue Authority any matter or thing without which the statement is misleading in a material particular commits an offence and is liable, on conviction, where the statement or omission was made knowingly or recklessly to a fine not less than $ 500,000 or imprisonment for a term not exceeding one year or both, in any other case, to a fine not less than $ 50,000 or not exceeding 500,000.”* This is where my basis was.

How different is that from this? I thought this covers that because if you gave false returns, this fine is very punitive because it gives the Commissioner-General powers to estimate. If you appeal and it is found that you have given false declarations, this would cover it. Therefore, how different is that from this?

**MR BAHATI:** Thank you very much. I wanted to take this opportunity to answer two questions; the first one is about what hon. Baba Diri has raised. When we are doing these estimates, there is no doubt, as you said, Mr Chairperson. I cannot go under a tree, take a cup of tea, estimate and write my assumptions about Kampala Road for example. It will be done by experts and some of the things that they consider will be a quantity surveyor’s report, location, size of property, use of property and age of the property. All these things will be looked at. It will be scientifically done and evaluated. People understand what it means when we talk about quantity surveying.

The second point is about what hon. Elijah is asking. What you are reading in that clause is actually the punitive part of it. It is the end tail; what happens when somebody fails to declare or pay tax.

However, that does not help administration and collection of revenue. There are also provisions that we are going to put in place like this one where you give an incentive for people to pay tax and help strengthen URA to be able to pay tax before you go and punish them. If every case is going to be resolved by punishment, you can never solve problems. Therefore we are saying, instead of dilly dallying here and there, let us have estimates and move like that.

Mr Chairperson, I strongly believe in the proposal you have given that what if this instrument came to Parliament? I have no problem with that. Members of this House, leaders of this country and representatives of the people, will look at the scientific work done by experts and take a decision.

**MR JONATHAN ODUR:** Thank you very much. The point I would like to seek clarification on is whether the minister will be able to compile cases because this assessment was based on individual persons. Now the proposal by the chairperson, that I would like you to confirm is whether the minister will be able to compile all returns case by case and then bring them here as one statutory instrument.

Secondly, I would like the minister to clarify whether by -

**THE DEPUTY CHAIRPERSON:** No, hon. Jonathan Odur. You are not permitted to misunderstand the chairperson.

**MR JONATHAN ODUR:** Thank you. I will -

**THE DEPUTY CHAIRPERSON:** This implementation is on a case-by-case basis not in the compilation, please. The chairperson is much smarter than that.

**MR JONATHAN ODUR:** okay. Secondly, when you look at section 4 and what the minister and my colleagues are proposing, I was wondering if we changed the wording, for example, to read, “For the purpose of reviewing rental tax returns…”, it would address the issue of our fear of the assessment.

Secondly, I wonder whether you can start with section 5 instead of section 4. If you bring section 5 first, it means that we shall be clearer on the issues you are going to clarify. I just wanted to know whether that would be possible and if it can solve the problem.

**MR ODONGA OTTO:** Mr Chairperson, as I attempt to answer the question you posed to the House, the Speaker, while sitting on that very Chair, had a similar situation. I do not remember the actual legislation but Members were questioning the powers to be given to the minister. It was a ruling by the Chair you are in that the way Government operates is different. The moment we make laws, enforcement and implementation of the law is for Government. However, a Member of Parliament asked if we could make it a pre-condition that the statutory instruments be laid before Parliament before they come into force.

The Speaker ruled then that the moment there is a statutory instrument, it is at implementation. That is why, in the Rules Committee, Members were saying that we should have a specific committee on subsidiary and statutory legislation because we have thousands of them. We are only concentrating on a few but there are over 500 in existence. We need to have a specialised committee.

Mr Chairperson, in an attempt to answer your question, I would suggest that probably you consider - because we are at the committee stage and it is not in the culture of this House to have a general debate at committee stage. What I would suggest, courtesy of your kindness and the time you have given us, is that we should make it a conditioned precedent – and this I am addressing to the chairman of the committee. We need a conditioned precedent.

If you read this legislation carefully, it is drafted like a conditioned antecedent. We should give ministers power to estimate and say, on William Street and/or Kampala Road, this is it. We need to give fluctuations. However, the way the law is drafted, we are saying, where there is a problem, it should be handled on a case by case basis. We are going to have a serious situation where the minister may have to present over 20,000 statutory legislations in order to bring the force of law on this.

The reason why I supported the minister who I am still supporting up to now, is my dream was that if we say on Kampala Road you are not going to pay rental income tax of less than $ 1,500 per square metre, we would like to give the minister that power because we have very many landlords that are running away with money.

Let us not look at ourselves with one or two properties. We have thousands of landlords that are running away with our money that even now, they are about to go home smiling. The moment we pass this law and give the minister powers, you will not walk away without paying that amount of tax. It is a law and this is Uganda. We will say that in Uganda, if you do not comply with your taxes, the minister will determine how much taxes you are to pay in that location –*(Information)*

**MR KAKOOZA:** For the last three to four years, people on Kampala Road and on William Street have been crying about one man who has been charging in dollars and Government had no say yet he was not filing returns. Any law that comes up to check that imbalance - the only person that can take that accountability to the public is the political person.

**MR ODONGA OTTO:** Mr Chairperson, I do not know why we are behaving like there is no Government in force. There is a Government in force. I am also in Government but on the Opposition side of Government. *(Laughter)* Yes, I am on the Opposition side of Government.

I would implore Members that we proceed to give those powers to the minister, the statutory legislation is laid before Parliament and then we see – this is a financial year. The Government is planning to collect more revenue through these landlords who are declaring income of Shs 200,000. We need to say that from today, your days are numbered. You are not going to pay a tax of less than this amount in this location.

If there is any one crying foul, we shall address our minds as Parliament at the next stage but we should not shy away from doing things that will raise Government more money to put drugs in the health centres. I beg to submit.

**MR OKUPA:** Mr Chairperson, I think we may debate this at length with no end to the matter. I would like to say to the team that has put up a spirited fight on this matter that we concede and go by your decision that –

**THE DEPUTY CHAIRPERSON:** No, it was not a decision –*(Laughter)*

**MR OKUPA:** The proposal of the chairperson that the minister brings the regulation to this House and we look at it before he finally approves and gazettes it.

**THE DEPUTY CHAIRPERSON:** Is that okay?

**MR MUWANGA KIVUMBI:** Mr Chairperson, we are conceding but on a precautionary note. The last time we had an amendment to the Uganda Communications Act, the argument that was flying over Parliament was that this kind of arrangement complicates the work of Government and it makes it very difficult for them to move. We were forced to amend the Communications Act. Hardly two months down the road, we are doing the same thing literally. I do not know whether we are being consistent.

**THE DEPUTY CHAIRPERSON:** Let me explain that. You see, there are issues that Parliament legislates on and they give the right away without even caring what happens to it because the matter is not substantial. When they lay that category of instruments here, they are laid for information because nobody even looks at them.

However, there is a category of instruments that Parliament is cautious about. They say, okay we will give you the latitude but if we see that the implementation is not right, we will recall it. That is an instrument that is subject to a negative vote of Parliament. It starts working but when Parliament is not satisfied with its work, it will recall it.

There is a third category where it will not operate because Parliament is saying, go and study but come back; we cannot give you full powers to implement it. It happened with the Public Enterprises Reform and Divestiture law with particular kinds of enterprises where Government was supposed to hold 100 per cent. Should the minister want to vary that, the instrument attempting to vary must be laid before Parliament for decision so that Parliament can take a decision whether to move what was in class (A) to another class where they could be divested of.

It is really convenient because there are issues that are so delicate for representatives of the people that they need to look at it before it is implemented. That is why there are ranges. I would therefore not subscribe to where you now say, “It is a one size fits in all situation”. It will not happen. How long has this matter taken us to debate? It means that it is one of those things that Parliament is cautious about. People have cited issues of trust. Parliament would like to be cautious about this particular one, not so many others. That is the distinction.

As for the UCC law, it was just – how many provisions and regulations? They were only 27 regulations; some of them on variation of license fees. We all said that even with license fees, you come back to Parliament and we first approve before – that was too much. We cannot go to licenses really but on a matter like this where Parliament wants to be careful you might want to create that exception for this particular one. I am sure there are so many others where the regulations do not; many. So, honourable member for Butambala, please let us not over generalize these very professional things because we may end up making mistakes. So, can we deal with this amendment now, if it is permitted so that we conclude this matter? Would you like to propose the draft?

**MR MUGOYA:** Mr Chairperson, I am proposing that immediately after sub clause (5) we insert sub clause (6) to state as follows: “A statutory instrument made under subsection (4), shall come into force immediately after being laid before Parliament.”

**THE DEPUTY CHAIRPERSON:** You see it is like this, a statutory instrument –

**MR MUGOYA:** Mr Chairperson, allow me to - because we are proposing and in the art of debate, when you propose, then you must be heard. We can even modify and say that, “A statutory instrument made under sub clause (4), shall come into force after being laid and approved by Parliament.” This is how we debate as lawyers. (*Laughter*) We do not merely jump on the cranks.

**THE DEPUTY CHAIRPERSON:** Honourable members, it is not only sub clause (5). There is also (4). So, I do not know how to capture it. You could say under this section - because there is only one instrument under the whole section. Therefore, you can say that a statutory instrument made under this section shall be laid before Parliament for approval. It would help.

**MR NANDALA- MAFABI:** Thank you, Mr Chairperson. That is a step ahead. However, I would like to find out where - there is a debate about charging in dollars yet we wanted to put it in local currency. Uganda Revenue Authority does not assess in dollars but in local currency. Is there a way we would put in this law, that landlords should charge rent in local currency because we can bring here and say –(*Interruption*)

**MR OKUPA:** Mr Chairperson, I would support that because it is being done by our neighbours in Tanzania. The President of Tanzania, H.E John Magufuli decreed that rent payments should be made in Tanzanian shillings.

This is one area where URA loses money because at every beginning of the month, Bank of Uganda issues exchange rates and that is what URA applies throughout the month. However, we have seen how the volatility of the exchange rate in Uganda has been. Therefore, where the exchange rate increases, the landlords benefit and where it decreases - but we have not seen cases where it decreases because in most cases it always increases - it is the landlords that benefit.

Therefore, if we put it in local currency, it is better because those benefits that have been going to the landlords will be coming to the coffers of Government. Therefore, I support the proposal brought by hon. Nandala-Mafabi. Thank you, Mr Chairperson.

**THE DEPUTY CHAIRPERSON:** Honourable members, we need to be cautious about some of these shifts. The reason is simple. I remember I was chairing when a motion was brought to this House that rent should be charged in Uganda shillings. I do not remember whether it was the Prime Minister, but somebody said they were coming up with the law to deal with that but it needed to be studied better. That was about three months ago when the Member for Rakai District moved that motion but it was stayed pending the coming of the Bill because it required some study. That is what we were told. If the Government can speak on this, then it can give us guidance on how to proceed.

**MR ARINDA:** Thank you, Mr Chairperson. This issue of rent being charged in dollars has been overtaken by events. I do not know whether it is deliberate by Government not answering the motion or bringing the report to that effect to respond to the motion of hon. Kinyamatama. We were together in bringing that motion but it has been overtaken by events. It is now a chance that it should be include here so that it is solved finally.

**MR ODONGA-OTTO:** Mr Chairperson, I am privy to a document issued by the Solicitor General of the Government of Uganda, which I think the minister should be aware of, prohibiting Government from paying rent to any landlords in dollars. There is already a directive to that effect. Maybe the ministers can advise us now that they do not even pay their tenants in dollars, basing on a resolution that came from Cabinet. Therefore, how do we proceed in line with hon. Nandala-Mafabi’s submission?

**MR REAGAN OKUMU:** Thank you, Mr Chairperson. We should know we are in an economy guided by many forces - local, national and international forces. We can only regulate ourselves with a proper law not motions.

I would like to propose that your suggestion for now be taken because we should not just run this economy by motions but by proper regulations. The question that involves financial transactions is a much broader thing beyond the borders and beyond many other interests. It is only incumbent on our negotiators in Government –(*Interjection*)– no, I think I heard you clearly, hon. Elijah Okupa and that information is understood. But I am only urging that we should move cautiously and have a properly regulated process and that is the best way to go. Thank you.

**MR OKUPA:** Mr Chairman, I have heard hon. Reagan Okumu. We are not doing this through emotions. These are matter of legislation -

**THE DEPUTY CHAIRPERSON:** Did you say motion or emotion?

**MR OKUPA:** Motions, Mr Chairman. I am a professional economist and I do not make economic decisions based on emotions. The Members of this House have raised this issue not once and Government had assured Parliament and Ugandans that they were coming with the law but that has taken over two years.

I just stated here that the President of Tanzania came out and said this marks the end of charging rent in foreign currency. If you see the level of development or the economic growth of Tanzania compared to Uganda, you realise it is higher.

Therefore, this would be an opportunity unless Government now tells us that the Bill is ready and it is coming in. Otherwise, as hon. Otto was putting it, if that document is not here, this would be an opportunity for us to help Ugandans. It is a passion; this is the opportunity for us to help the country. Thank you.

**THE DEPUTY CHAIRPERSON:** The question is to the ministers; let us hear from him before we see how to proceed.

**MR BAHATI:** Mr Chairman, I would like to seek your guidance. While I agree that we should take action on that issue which has been raised by Members, the Bill that we are debating is the Income Tax Bill and all income is paid to URA in Uganda shillings.

It would be prudent for us to bring a different piece of legislation, study it thoroughly whether it has any implications, in terms of the fact that we are in a liberal economy; we need a separate piece of legislation – because this is on income tax and it is paid in Uganda shillings to URA. So, another piece of legislation would be the best and I am willing to comply –*(Interruption)*

**MR NANDALA-MAFABI:** Thank you very much. In short, we are not saying that these people cannot receive income in dollars. We are saying that if the rent to be paid is Shs 1 million - when the exchange rate goes high, the landlord will get fewer dollars to transfer. That means that when the tenant is charged in dollars, the landlord will have hedged themselves both on inflation and foreign exchange fluctuations. Landlords are hedging themselves in three ways: on inflation, foreign exchange and on profit yet Ugandans do not trade in dollars. The building is in Uganda and the people you are selling to buy in Ugandan Shillings and every activity is in Ugandan currency.

So, let the tenant sign an agreement reading either Shs 1 or 2 million – honourable minister, yes, we are in a global village and there is no problem - we are not stopping them from transferring the money. After receiving it in Ugandan shilling let them go to Bank of Uganda or any forex bureau and change it into dollars.

**THE DEPUTY CHAIRPERSON:** Honourable members, can we proceed with the Bill and then see if we can add something like that to it. The proposal was made to amend clause 3 to the terms proposed by the -

**MR MUGOYA:** Mr Chairman, I propose that it should read as follows: “A statutory instrument made under this section shall come into force after being laid on the Table and approved by Parliament.” We can even use the phrase, “after parliamentary approval.”

**THE DEPUTY CHAIRPERSON:** Can you read it again?

**MR MUGOYA:** The new proposal should read thus: “A statutory instrument made under this section shall come into force after approval by Parliament.”

**THE DEPUTY CHAIRPERSON:** Okay, I put the question to that amendment now.

*(Question put and agreed to.)*

**MR NANDALA-MAFABI:** Additional amendment on sub clause (6) – I propose we insert sub clause (7) to read thus: “All agreements for rental income shall be in local currency.” The justification is that all properties being rented out are in Uganda.

**MR LUGOLOOBI:** Mr Chairman, because not all rental income is paid through agreements, I would like to add after, the word “agreement” the words “and or transactions” just to take care of those transactions that are not within any form of formal agreement.

**THE DEPUTY CHAIRPERSON:** Will those transactions be for purposes of rent?

**MR MUSASIZI:** Mr Chairman, I am in agreement with the proposal moved by hon. Nandala-Mafabi but we can also improve hon. Lugoloobi’s proposal by replacing the word “transactions” with the words “rental fees” and it should read in full thus: “All rental agreements and fees shall be paid in local currency.”

Mr Chairperson – *(Interruption)*

**MS KAMATEEKA:** Thank you very much, Mr Chairman, and thank you chairman of the committee, for giving way. Are we considering only business premises or it also includes residential premises? If it includes residential premises, I would propose that we limit this only to commercial and not residential premises because this is about a buyer-purchaser – *(Interjection)* – yes, it should only concern the business premises.

**MR MUSASIZI:** Mr Chairman, we need to maintain the focus and the purpose of hon. Nandala-Mafabi’s proposal. It is logical to have an agreement when you enter into a contract to rent out a property and that property can be commercial or residential as long as rent is being charged. Therefore, without going into much detail I am of the view that we take the idea of having agreements in it. An agreement will define fees and all sorts of things.

Mr Chairman, why we also need to emphasise that rent should be paid in local currency is because in this country our standard currency is Ugandan shillings. Therefore, everything rests in Ugandan shillings. Uganda Revenue Authority charges taxes in Uganda shillings. So, why should I receive rent as a landlord in dollars but I pay URA taxes in shillings?

There is an implication here because the landlord will have to convert this money from dollars or any other currency into Ugandan currency, and there is always an exchange rate loss which is a cost to the party that is involved in the transaction.

As the exchange rate rises, in most case it is a cost to the person incurring it. Therefore, I propose that a question be put, Mr Chairman.

**MS KAMATEEKA:** Thank you, Mr Chairman. The information I would like to give the Chairperson of the Committee on Finance, Planning and Economic Development is that we run a liberalised economy where anyone is able to buy and sell dollars at will *–(Interruption)*

**MR SSEWUNGU:** Mr Chairman, Thank you. Indeed I am seeing what hon. Muwanga Kivumbi said sometime back here. Is it in order for the honourable member, who is also a member of the committee, to debate her own report?

**THE DEPUTY CHAIRPERSON:** She rose to give information.

**MR MUGOYA:** Mr Chairman, after consulting the honourable members, we are proposing this amendment to be inserted immediately after sub clause (6), to appear as sub clause (7) and to read as follows: “Without prejudice to the provisions under this section, no rental transactions shall be carried out, assessed and charged in any other currency other than the Uganda currency or local currency.”

**MR NANDALA-MAFABI:** Mr Chairman, he is just confusing us further. We talked about the agreements. Uganda Revenue Authority will assess you in local currency. That is an assessment and we have no problem with it. What we are saying is that all rental agreements or transactions should be in local currency. It is just as simple as that. If you want -

**THE DEPUTY CHAIRPERSON:** What is “local currency?” *(Laughter)*

**MR NANDALA-MAFABI:** That is Uganda Shillings. Mr Chairman, I have seen what my sister, the hon. Jova Kamateeka, is raising. If she wanted to improve hers – there are those who deal with foreigners and I agree with her on that. If you are saying, for example, you who have many flats the tenant is a British or an America, such a tenant might wish to pay rent in dollars or pounds because they live in the UK and that is different. What we are talking about is the one where I, Nandala, goes to Kampala Road and get to Sudhir and he says “you will not pay in Uganda Shillings. The contract will be in dollars.” We want to protect Ugandans from that and your amendment in that regard can come later. Let us deal with this first.

**THE DEPUTY CHAIRPERSON:** We need to find out whether it would be the proper housing. What is the heading of this particular section in the actual law? What is the title of this provision? It might not be a good housing for it; let us just confirm.

**MR MUGOYA:** Mr Chairman, according to the observations raised by hon. Nandala-Mafabi, the proposed phrase should read thus: “Without prejudice to the provisions under this section, no rental agreements shall be executed and effected in any other currency other than Uganda Shillings.”

**MS KAMATEEKA:** Mr Chairperson, we are acting as if we own businesses, yet we don’t. Let us protect people who are doing business without imposing the law onto all landlords. I move that we only restrict this provision to commercial premises. The amendment should read: “…no rental fees on commercial premises shall be…” We should restrict it to commercial not any other premises.

**MR MUSASIZI:** Mr Chairperson, I implore my Member to read the mood in the House. *(Laughter)*

**THE DEPUTY CHAIRPERSON:** Honourable members, the heading of this section is: “Rental tax imposed.” Would it be a good housing for this? Propose your amendment.

**MR MUGOYA:** Mr Chairman, the proposal reads as follows: “Without prejudice to the provisions under this section, no rental agreements shall be executed and effected in any other currency other than Uganda Shillings.”

**THE DEPUTY CHAIRPERSON:** Can you make it positive?

**MR MUGOYA:** Okay, then let it read as follows: “Notwithstanding the provisions of this section, all rental agreements shall be executed and effected in Uganda Shillings.” *(Applause)*

**THE DEPUTY CHAIRPERSON:** I now put the question to that amendment.

*(Question put and agreed to.)*

*Clause 3, as amended, agreed.*

Clause 4

**MR MUSASIZI:** Mr Chairman, we propose to amend clause 4 by replacing paragraph (ac) with the following: “Income derived by Bujagali Energy Limited from hydropower generation up to 30 June 2033.”

Mr Chairperson, our justification is that exemptions are specific to persons and not projects. The name of the company is Bujagali Energy Limited.

Secondly, we propose to insert a new paragraph, immediately after paragraph (ac) to read as follows:

“(ad) the interest income derived by a Savings and Credit Cooperative Society-

(i) Whose capital base does not exceed Shs 200 million; or

(ii) That has been in existence for a period of five years or less.”

The justification is that Savings and Credit Cooperative Organisations (SACCOs) are one of the ways Government is promoting financial inclusion. The SACCOs have the capacity to reach rural areas where there are no financial services as opposed to other financial institutions.

**THE DEPUTY CHARRPERSON:** Thank you. Honourable minister, can I hear your opinion on the proposed amendments because this is your Bill. If you disagreed, then I will open debate.

**MR BAHATI:** Mr Chairperson, I agree to the proposal as advanced by the chairperson.

**MR OTHIENO:** Thank you, Mr Chairperson. The reason this exemption is being sought is because Government had a bad agreement and we are trying to cure it. It will be very dangerous for us to replace a bad agreement with a bad provision and that is what we were objecting to the other time.

However, after serious considerations, I would like to propose an amendment. Parliament should actually scrutinize this provision. I propose that paragraph (ac) should read as follows: “Income derived by Bujagali Energy Limited from hydropower generation on renewable terms by Parliament at the expiry of every five years up to 30 June 2033.”

The justification is that five years is long enough to enable us examine whether we have made the right decision or whether Bujagali is in a position to translate this good gesture into a tangible reduction on power tariffs. It will also help us to determine if we made a mistake so that a review can be made. I beg to move.

**THE DEPUTY CHAIRPERSON:** Is that amendment seconded? Okay, it is seconded by the honourable member for Kyankwanzi District. Do you want to speak to the motion before the improvement comes or you already spoke to it?

**MR LUGOLOOBI:** Mr Chairperson, we were informed by the minister while in the committee that the logic behind this exemption is to reduce end-user tariffs from 13.38 cents per kilowatt to 9.5 cents per kilowatt at the end of the exemption period.

However, as we grant this exemption, where are the undertakings to this effect? I thought there must be a commitment that the tariffs will reduce from 13 cents to 5 cents prior to granting this exemption, but such an undertaking does not exist yet we are granting the exemption.

We had agreements of this nature before and the country lost. I do not think that we are prepared, as Ugandans, to undertake similar agreements, which are not clearly negotiated. I think there is need to negotiate this and reach an understanding before we can grant any exemptions.

**MR OKUPA:** Mr Chairperson, last time we debated this very matter and I thought today the minister would come to the House to either withdraw his proposal or give a guarantee to Ugandans and Parliament before we proceed.

Mr Chairperson, we know the history of this Bujagali Project. It was messed by some technocrats and that is why we ended up with this kind of situation today. I will not support the amendment proposed by hon. Othieno and I am of the view that we totally delete this amendment. There is no way we are going to increase our tax base by granting people tax exemptions. We were here charging SACCOs taxes yet we are exempting the bigger companies –*(Interruption)*

**MR NSEREKO:** Thank you, honourable member, for giving way. Mr Chairperson, the country is still grappling with a nose-diving economy as was admitted some time back. You are all aware that we are short of taxes. Now, as small businesses are grappling to pay taxes, suffering from crashing interest rates and foreclosures, there has been a routine of big investors coming here to seek tax breaks and waivers in order to protect themselves. Whereas they are advancing the issue of lower tariffs on power, we have not experienced these basically - the tariffs are still high and there is no assurance on this matter.

Mr Chairperson, our view is that they should pay those taxes. We shall collect those taxes, build more dams and provide other sources of energy, put them into a pool and lower the cost of electricity. What happens, and which is the information I would like to give to comrades, is that these people come under the guise of tax breaks but their intention is to repatriate all their profits.

I know we are operating under a Public Private Partnership (PPP) in that matter but the best advice I can give Ugandans today and my fellow comrades in Parliament today is that the time for giving tax holidays to big conglomerates is over. Let us support the local and small businesses like SACCOs. The amendment I am ready to support here is the one that gives tax breaks to SACCOs at all levels. To give tax breaks to Bujagali-

**THE DEPUTY CHAIRPERSON:** You are on information.

**MR NSEREKO:** The information I would like to give my comrades is that SACCOs are suffering and most of them are collapsing because of high taxes. Therefore, I would like to inform you that I support you on the issue of zero tax for Bujagali.

**MR OKUPA:** Mr Chairperson, we are talking of exempting them on income tax. Honourable colleagues, these companies already benefit from capital allowances. What we are talking of here is income tax, and this is on the profits they make. If they have not made any profits, they will not pay any income tax. Why are we coming here to exempt them? Mr Chairperson, they are already benefitting from capital allowances. Therefore, there is no need for us to give them further exemptions under this situation. Ugandans are suffering. The people who messed up the project at the beginning should suffer the consequences.

This year, you have asked Uganda Revenue Authority to provide Shs 15 trillion for the budget. Where are they going to get the money from? These are big companies and they have never declared any losses; they are only making profits and we are here going ahead to exempt them and yet tomorrow, we are charging URA for not meeting their target. I invite you, honourable colleagues, to support me in ensuring that this amendment is defeated.

**MR D’UJANGA:** Mr Chairperson, I would like to give some background to this proposal. The current tariff of Bujagali is 13.38 American cents. Now, the tariff is calculated in such a way that corporate income tax is a pass-through item. In other words, corporate income tax is part of the tariff.

Therefore, in order to bring this high tariff down, Government is proposing to do two things: To waive this corporate income tax and to renegotiate the debt. Our target is to get this tariff to 7.4 cents from 13.38 cents in order to be able to, first of all, relieve our consumers because the outcry is so high now; secondly, to stimulate industrial growth and be able to compete in the East Africa region -(*Interruption*)

**MR NANDALA-MAFABI:** Thank you, engineer D’ujanga. Mr Chairperson, this company has what we call capital allowance, which hon. Okupa has raised. What it means is that if they have invested Shs 100 billion, that money is written off as an expense - You divide it over a period of five years or one year and before you deduct the balance, you write off that capital investment. That is the first one, and they have got that.

Having got that capital, what is remaining is the profit, after all the expenditures and capital allowances. It is in that profit where they apply 30 per cent for corporation tax for companies and income tax for individuals. By the way, honourable minister, corporation tax is income tax.

Now, the clarification I seek from you is: how can something, which is factored into the profits, be one of those which is also factored into a tariff? It does not make sense to me. How is it factored into the tariff? I would like you to help me so that I understand.

**MR MUWANGA KIVUMBI:** Mr Chairperson, I have been shocked by members of the Budget Committee standing up to defend this provision – *[Ms Ogwal: “I am not one of them”]* - (*Laughter*) - They are aware, as I am, about the extent of the abuse of that provision of corporate tax. Soon, when we come to debate a supplementary budget, Parliament will know that extent. Therefore, it is inconceivable for us to come to Parliament and say- (*Interjection*)

The information I would like to give this Parliament is that this provision is being abused left, right and centre. Very soon, Parliament will be in the know. When you learn of the extent, you will be shocked.

Mr Chairperson, somebody makes a profit. That is why some of us are socialists. We would have imposed a high tax on this kind of money if we were running Government. It should have gone to 70 per cent because they have exploited labour and done everything to earn a profit. However, in a capitalistic economy where people tolerate these kinds of things, a modest 30 per cent is imposed. I do not know how people would like to justify this. We are simply saying, pay up, but somebody would like to hoodwink us and run away with the profit.

You run a liberal economy where I wire my money that very evening. Some of these companies are on the stock exchange. It is not necessarily true that this waiver will translate into what you want because the shareholders down there have a say. Now, if you would like to comprehensively review the Bujagali agreement, it cannot be done in this debate. You cannot exploit this small window to have a complete review. Therefore, our simple information we are giving is that what is best for this country for once is to reject this amendment in totality.

**MR D’UJANGA:** Mr Chairperson, I am still on the Floor. I would like us to concentrate on the benefit to the consumer. It is not true that we are exempting the company; it is true we are exempting the consumer. We are reducing the tariffs of the consumer by doing two things. The first one is to exempt the consumer from this tax; the other one, as I said-

**THE DEPUTY CHAIRPERSON:** Honourable members, when a Member is holding the Floor, all the other Members must be seated. Unless you have difficulties in the areas you are sitting -(*Laughter*)- in which case you must seek leave of the Speaker to stay standing all through the debate.

**MR D’UJANGA:** Thank you, Mr Chairperson. We are reducing the tariffs so that the consumer can have relief and we can be industrialised in order to compete in the region. We are doing this by doing two things: waive this tax and secondly, reschedule the debt component of the financing. My colleague –(*Interruption*)

**MR ODUR:** Thank you, Mr Chairperson. The exemption that has been mentioned is on the income, which means that all expenditures of Bujagali have been deducted, both allowable and non-allowable. Now the minister is informing us that the exemption is to help the consumer and yet we are well aware that by any standard, even though you use the international accounting standards, 30 per cent of the corporation tax is levied on profits.

Therefore, is the minister in order to come and mislead this House that the exemption intends to help the consumer when actually, it is about helping the hydropower project?

**THE DEPUTY CHAIRPERSON:** Honourable minister, if they should file zero returns, would that change the tariff that the consumer pays? (*Applause*) Would that reduce the tariff, if they made a loss or filed zero?

**MR BAHATI:** Thank you very much, Mr Chairperson and honourable colleagues. The tax exemption we are seeking for Bujagali as part of the conditions for the agreement, to reduce the tariff from 11.5 cents to close to 7 cents, is a pass-through. A pass-through in the sense that –(*Interjection*)- Yeah, I am going to explain. Chairman of Bugisu, you are not the chairman of the Committee of the whole House. (*Laughter*)

When you exempt this tax, it will translate into a reduction in tariff from 400 to 282. Therefore, the effect of this is a reduction of cost. Remember, we have a choice to make because we signed, and it is important that we understand each other so that we make a decision that we understand. We signed an agreement with Bujagali for over 20 years, ending 2033. That agreement is already there. It was signed in 2006. Now, that agreement guaranteed an internal rate of return on investment at 19 per cent-(*Interruption*)

**MS OGWAL:** Mr Chairperson, I am already surprised that the minister is raising the issue of the agreement. I am surprised that the agreement allows a tax waiver to be included and Parliament is not aware of that tax waiver.

A tax waiver has a lot to do with the income of this country and before the Government can spend any money for anything, it needs the approval of Parliament. I am wondering how the Government can go and commit this country to a huge revenue loss through a tax waiver before first tabling that agreement and letting Parliament know the implication of such a waiver to the country.

We are now being told that the agreement has already been signed and all we now need to do is to endorse and pass this. That is wrong. I would like you not to include the issue of the agreement; just argue your case as it is packaged by your experts but leave out the issue of the agreement. Thank you.

**THE DEPUTY CHAIRPERSON:** Can you clarify that honourable minister? There seems to be -

**MR BAHATI:** Thank you very much. Hon. Ogwal –(*Interjection*)- You have sought clarification from me. Oh, so you no longer need the clarification?

We cannot come here and say we do not have an agreement with Bujagali; we have it. They invested in 2006. If we had that *–(Interjection)-* Can you allow me to clarify? The tax exemption we gave Bujagali then was under a regime that allowed Government to do so. Things have changed; we can no longer give an exemption of tax without parliamentary approval. That was in 2006 and today is 2017. You remember the laws changed in the middle and we changed and said, you can only now guarantee any tax holiday through approval of Parliament or budget for the money under Ministry of Finance and pay for it-(*Mr Okupa rose\_)*

**THE DEPUTY CHAIRPERSON:** Let him articulate his point then you can seek the clarification later.

**MR BAHATI:** We are therefore at a point where the tariff has remained high, at 11.5 cents, and this can only be changed if we do two things. The first reason why the tariffs were high was that the cost of the money they borrowed to do this investment was very high. We are working with them to restructure the debt to bring down the cost of the money.

The second condition to bring this power down will be to exempt them from corporation tax. This is a decision that you have got to make if you want to bring power down. It is a decision; they already have an agreement with us up to 2033 -

**THE DEPUTY CHAIRPERSON:** Honourable minister, they are seeking clarification. You need to help me.

**MR BAHATI:** Okay, let me get a friendly one -(*Laughter*)

**MS ANN NANKABIRWA:** Mr Chairperson, let me hope this will be friendly indeed. This is where our problem is. It is true the whole country is concerned about the power tariffs but the problem that we are trying to address today as Parliament is whether the measures the minister is introducing here are commensurate to the losses. It is a generation cost.

What we are paying for today are bad agreements signed by Ministry of Finance. I say that because of the divesture and PERD Act, which ensured that these agreements are negotiated by the Ministry of Finance. At the end of the day, the generation cost is very high and higher than any dam built in this world; at the end of the day the tariffs are very expensive.

We do agree that Ugandan investors and business people would like to have low tariffs. However, our contention is on the measures you are trying to put in place and you want us to insulate you; can they tantamount to our wish? If you now want to exempt Bujagali from tax, how much will it translate into benefits for Ugandans? I overheard the chairman of the committee asking the same question.

Have you explored other options; for example, how much money do we earn in corporation tax from Bujagali? If we tried generation mixes, would it not produce cheaper power to be added to the available power, so that it reduces the tariffs? That is why I stood up to second the issue when the previous speaker said that it is already too much that we are committing ourselves as Parliament in this Income Tax (Amendment) Bill for that period of 30 years, that is, up to 2033.

We are already in the budget process now; what Parliament can do is to committee itself for only one financial year as the committees and relevant Government organs study this matter further. However, it has come in so abruptly and you want us to commit ourselves rashly.

**MR BAHATI:** Mr Chairperson and honourable colleagues, I would like us to differentiate between what we are talking about and an ordinary business. Some people were saying that what if you file zero returns and the Chairman asked me to clarify on that.

Colleagues, this is the situation: we signed a power purchase agreement, which included an internal rate of return which translates into a tariff. Therefore, we produce power, Government agrees with you to buy it at 11.5 cents and that includes corporation tax, and all other things that involve business *– (Interjections) -* Yes, that is the agreement and we can lay it on the Table, Mr Chairperson. You could say that this agreement had its loopholes and indeed it had, but that is why you were elected into power to correct these loopholes and that is what we are doing now.

Mr Chairperson, you asked whether zero returns can be filed. That does not arise in this situation because we signed an agreement and we committed to an internal rate of return *vis-à-vis* the cost of tariffs, which is already in existence –(*Interjection*)

**MS OGWAL:** Mr Chairperson, does the Minister of Finance expect the institution of Parliament at this moment to amend what he calls an agreement? He says it is an agreement they signed, but now he wants us to amend the conditions of that agreement through the waiver. Are you expecting this Parliament as an institution to allow you to amend the agreement which you have already signed? Are you in order to misguide the institution of Parliament and embarrass the entire country?

**THE DEPUTY CHAIRPERSON:** Honourable members, the power purchase agreement was signed between Bujagali Energy Limited and the Government of Uganda. Parliament was not party to that agreement. However, the question that is now being raised is whether the minister is in order to suggest that Parliament alters the contents and terms of that agreement? The answer is no; Parliament cannot alter an agreement that is signed and deposited by the responsible parties without the participation of all the parties.

The agreement was between the Government of Uganda and Bujagali Energy Limited; they are the ones to renegotiate if they would like to do so, until they come to a meaningful consideration. What the ministers are suggesting is that what we are doing here will facilitate them in that renegotiation, but to suggest that this Parliament can alter that agreement is to mislead this House.

**MR BAHATI:** Mr Chairperson, I had not suggested that we can alter this agreement. I do not understand why my mum has continued to attack me when I have not said the things that she says I said.

**MR OKUPA:** Honourable minister, I would like to seek clarification from you. First, you said that this agreement was made in 2006. The clarification I would like to seek from the front bench is: was this the agreement that was made by hon. D’ujanga and hon. Werikhe in the ministry in 2006? I would like to seek clarification before I ask the second question.

You have told us that this was a very bad agreement and I see the same ministers who made that agreement here before us trying to use us now - using the tax laws - to amend their faults. I would like to know whether that was the agreement which was made by the ministry at the time when the ministers were serving in their respective positions.

Secondly, why are we using the law to amend – *[Mr Werikhe: “Can I respond to that?”*]- You will tell us at an appropriate time whether you were the minister at that time; the two of you will answer. I would like to know whether it is procedurally right to have tax exemptions for a specific company and name the company in the law, because they are talking of Bujagali Energy Limited.

Thirdly, I think it was hon. Kivumbi who stated here that the supplementaries which are being brought here include a tax holiday on corporation tax. Under, what law did you use to exempt those that you are asking the supplementary for? If it was not through the law, why didn’t you use the same procedure that you used to give those companies exemption of corporation tax? Why are you asking us now through the law yet this financial year, you have already given some companies corporation tax exemptions? Why do you want to include Bujagali Energy Limited in the law now? Those are the clarifications I am seeking?

**MR BAHATI:** The two ministers will answer for themselves whether they were involved in the negotiation agreement in the ministry in 2006.

The second question was: why are we seeking exemption of corporation tax now? It is because the law directs us to do so. We cannot give an exemption to any company for tax purposes without approval of Parliament. The law also allows us to budget and pay incentives to the companies if they do not get exemptions. For that particular case you are referring to, last year we had budgeted for Shs 27 billion through appropriation and you approved it. That is what we have been using to pay and the rest was through supplementary, which is also a window of appropriation that was submitted to the House.

The power tariff affects millions of Ugandans, so we cannot just say that we are going to go and look for the money and keep paying every year without parliamentary approval. Friends, we want you to be part and parcel of facilitating this Executive to reduce the cost of power in the country. We will reduce the cost of power from 11.5 cents to 7 cents. If we do that, we are on the way to industrialise this country by allowing- *(Interruption)*

**MR OKUPA:** Hon. Bahati, you have talked about the issue of reduction of the tariffs. When we got this, we were deceived that we were going to have a reduction in the tariffs but what we saw was a reduction by Shs 10. That is what we saw - the tariffs reduced by Shs 10 *vis-à-vis* what we were given.

**THE DEPUTY CHAIRPERSON:** Honourable members, can we have some order, please.

**MR BAHATI:** Mr Chairman, the cost that we are paying through generation of Bujagali Power is a cost that we agreed to. We have never agreed that Bujagali will reduce the power before today, that when we take this measure they will reduce it to a certain point. So the choice is: should we maintain the cost of power now the way it is? Are you saying yes? Can you be on*- (Interruption)*

**MR NSEREKO:** Mr Chairman, I think this country needs to know; you are asking us for a waiver and we need to explain it to this nation. Give us the estimates of the corporation tax or the income tax that this venture has been giving this country and how much you estimate because this is going to form part of your bargain. Tell us how much you think - because of this exemption - will not come to the coffers of the Ugandan Government from today to 2033?

Honestly speaking, by you coming here and telling us to give them a waiver for nothing, without any estimate, that is why the Rt Hon. Speaker, who is the chairperson, asked you a one million dollar question, that assuming they filed zero returns, what will happen. The rationale of that question was: can you please be kind to this country and give it an estimate? What do you estimate to be the waiver in the next 15 to 17 years? You might find that we are going to waive trillions. In any case, we would say, are Ugandans comfortable paying this for the next 15 years? Let them give us this Shs 15 trillion and we shall build two or three other stations.

**MAJ (RTD) GUMA:** Thank you, sir. Issues of taxation are extremely complex even to qualified economists. We all know the impact of a high tariff and I sympathise with hon. Bahati’s proposal to bring the tariff down. However, I have conceptually not internalised the economics of the proposal. The whole time I have been seated here, I have been trying to comprehend it.

I want to support the proposal but there is some missing link within my thinking capacity that I have failed to comprehend. I would like to support it but somewhere my inclination leans towards something that is not entirely convincing. Can hon. Bahati and the technical learned Ugandan economists that are here - there is a whole line of guys behind you, Mr Chairman-

**THE DEPUTY CHAIRPERSON:** No, honourable member, there are no guys here; there are only Members of Parliament.

**MAJ (RTD) GUMA:** We want to support any effort in place to bring a tariff down, but how will exempting a private company from paying corporation tax affect the coming down of the tariff? Can we stand over this proposal? We should do something about it. Can hon. Bahati write to us and give us a brief on the economic reasoning, in roman form, and distribute it, so that we come back here and get this thing out of the way? This is because I think it is extremely important that we should discuss ways and means of bringing the tariff down.

**THE DEPUTY CHAIRPERSON:** Honourable minister, from the way this issue is formulated, do you think it can be resolved? In your assessment, can this matter be resolved by debate or another way? If not, can you give us a way forward on how to handle this matter, please?

**MR BAHATI:** Mr Chairman, I think the matter can be resolved. However, I also see the need for people to get more information. We could supply it to Members. As I said, the issue is to bring down the power tariff from*-(Interjection)-* No one is objecting to this?

Mr Chairman, like hon. Guma has suggested, we can supply information to the House and we will be willing to do so. We would also like to know what kind of information the House needs.

**MR WERIKHE:** Mr Chairman, I would like to respond to my colleague’s concern as to whether I was a party to *– (Interjections)-* I joined the ministry when this contract had been signed, so I was not anywhere near the negotiations or the signing of the agreement. That is all I would like to say.

**THE DEPUTY CHAIRPERSON:** Thank you.

**MR D'UJANGA:** Mr Chairman, I replaced hon. Werikhe in the ministry. I came much later. However, I would like to say that the situation obtaining in the country at that time with respect to power warranted an agreement so that we can have a power station. So many years later, with hindsight, we can say that it was a bad agreement. However, at that time, I sympathise with those that were managing the power systems in the country. Thank you.

**MR OKUPA:** Mr Chairman, I know that we are all adults here. You all remember the battle on the issue of the Bujagali dam between the two engineers - hon. Hillary Onek and hon. D’ujanga. Is it in order for the minister to come here and say that he was not there at the time these things were being executed? We even remember that at that time, he was the managing director. Is the minister in order to say that he was not there at the time this agreement was executed?

**THE DEPUTY CHAIRPERSON:** I remember that it was in the Seventh Parliament that there was an exchange on the issue of Kiira but not Bujagali. It was Kiira where the honourable member for Lamwo had a strong argument against some of what was being done there.

However, honourable members, can we move with other things, if it is possible? Information will not help us for now. Let us now move with the other provisions. Let us try and see if we can deal with the next amendments and if not, we stop here and go home. There is the issue of the amendment proposed on the SACCOs. Let us deal with SACCOs.

**MR NANDALA-MAFABI:** Mr Chairman, the proposal on SACCOs is good but they are mainly in villages. Perhaps to give a small background, the cooperative societies used to have two arms; the one that deals in producing the cotton or coffee and there would be another one for credit –

**THE DEPUTY CHAIRPERSON:** Let us deal with the issue, please.Do not go too far; just deal with the matter.

**MR NANDALA-MAFABI:** I have no problem with what the chairperson has suggested. I would like to move an amendment that this saving for the SACCOs should also include farmers’ cooperative societies. The justification is that those farmers’ cooperative societies at local level also deal in credit and saving.

**THE DEPUTY CHAIRPERSON:** Mr Chairman, please respond on that particular one.

**MR MUSASIZI:** Mr Chairperson, this proposal has come as a result of many engagements and consultations. At this stage, I am constrained to admit new things.

**MS BINTU:** Thank you, Mr Chairman. I have an amendment to make on clause 4, Section 21. I would like to move that we insert a new paragraph immediately after paragraph (ac) to read as follows: “(ad) income of a saving and credit cooperative society up to 30 June 2022.”

The justification has been partially mentioned by the chairperson but I would like to add that:

1. The SACCOs are still nascent industries and they need to be supported.

2. The SACCOs are voluntarily formed and members join voluntarily and can voluntarily dissolve themselves.

3. If SACCOs are taxed, they are likely to collapse and most of them have collapsed. Therefore, the proposal by the committee is tantamount to SACCOs dissolving themselves after meeting the threshold and forming other SACCOs, which will not help to build and support the SACCOs to grow.

4. We need to develop a culture of saving. If we do not support SACCOs to grow, then we are likely to lose this culture of saving.

5. In supporting SACCOs, we shall be supporting the objective of Government, especially to eradicate poverty.

Mr Chairperson, I had submitted my contribution towards this proposal of amending this clause and the chairperson and the committee are aware. It was agreed that my proposal be adopted. I beg to move.

**THE DEPUTY CHAIRPERSON:** Thank you. It is seconded by hon. Okupa.

**MR MUSASIZI:** Mr Chairperson, the justification by the honourable member from Masindi is moving. Therefore, I am in agreement that we improve our proposal by adopting her proposed amendment.

**MR BAHATI:** My understanding was that the previous one would be open-ended but if we want to close it to 2022 – I do not know if hon. Jalia Bintu has reflected on it in that context.

**MR NANDALA-MAFABI:** Let me find out from you, Mr Minister; supposing hon. Okupa and I get Shs 2 billion and say that we have constituted a SACCO, we go out there and start making money and we make a profit of Shs 1 billion. Since we are a SACCO and we have a billion profits, it will not be taxed. We have to be careful with the SACCOs we are trying to deal with.

I am raising this because there are SACCOs that can justify being under tier 4. What type of SACCOs do you want to give a waiver? You could form a SACCO where they do not lend to members only. There are those that even lend to other groups for profit. This means that the income they have generated is not from members but from outside. I am raising all these scenarios so that we are extra careful as to which SACCOs we are looking at.

**THE DEPUTY CHAIRPERSON:** Can we stand over this clause? Clause 4 is stood over. Can we have the next clause?

Clause 5

**MR MUSASIZI:** Mr Chairperson, in clause 5, we propose that under section 27A(1) we insert the words, “the boundaries of” immediately before the word, “Kampala”, so that the provision reads as follows: “(1) A person who places an item of eligible property into service for the first time outside a radius of 50 kilometres from the boundaries of Kampala, during a year of income is allowed a deduction for that year for an amount equal to 50 per cent of the cost base of the property at the time it was placed into service.”

The justification is: to clearly state that the allowed deduction applies to persons who invest 50 kilometres from the boundaries of Kampala.

**THE DEPUTY CHAIRPERSON:** Honourable members, the proposal is to insert the phrase, “the boundaries of Kampala” in what is in the Bill. Can I put the question to the amendment?

I put the question to the amendment to insert the words, “the boundaries of” in the provision that is in the Bill. I put the question to the amendment as proposed by the chairperson.

*(Question put and agreed to.)*

*Clause 5, as amended, agreed to.*

*Clause 6, agreed to.*

*Clause 7, agreed to.*

*Clause 8, agreed to.*

Clause 9

**MR MUSASIZI:** We propose to delete the entire clause 9. The justification is that the proposal will place an extra burden on financial institutions and duplicate the work done by the Financial Intelligence Authority, which is mandated to collect this information.

The obligation being placed on financial institutions already exists under the Anti-Money Laundering Act. Uganda Revenue Authority can get this information from the Financial Intelligence Authority without requiring punitive and bureaucratic reporting.

**MR BAHATI:** Mr Chairman, this is the clause that I was referring to when we were debating the rental income. Now that you do not want URA to monitor you, it will strengthen the one that we have passed. I concede so that we move forward.

**THE DEPUTY CHAIRPERSON:** Honourable members, the motion is for deletion of clause 9 from the Bill. I put the question to the deletion.

*(Question put and agreed to.)*

*Clause 10, agreed to.*

*Clause 11, agreed to.*

Clause 12

**MR NANDALA-MAFABI:** Mr Chairman, I would like to move an amendment to clause 12. We have a definition on withholding tax and I would like to ask the minister if I could bring it here.

What is happening with withholding tax is that URA says a payment means even a provision; if you provide for it in the accounts, you must pay. However, for withholding tax purposes, you can only deduct if you have paid somebody but URA cannot ask me to pay when I have not deducted. Therefore, I would like to move a provision here that for withholding tax purposes, a payment means a cash payment.

The justification is: to avoid asking people to pay money when they have not received it.

**THE DEPUTY CHAIRPERSON:** What is a cash payment?

**MR NANDALA-MAFABI:** Mr Chairman, maybe let me put it clearly. Under the definition clause, a payment includes any amount paid or payable in cash or in kind or any other means of conferring value to benefit on a person.

For withholding tax purposes, it means you withhold when you have paid. However, if you go by the definition of payment, they are saying that even if you just make a provision that is payable, then you must get that 15 per cent and remit it to URA.

**THE DEPUTY CHAIRPERSON:** Can we deal with what is in the Bill first?

**MR NANDALA-MAFABI:** The reason I am raising this is because it is under clause 12, which is on withholding tax.

**THE DEPUTY CHAIRPERSON:** No, but it is not in the line you are taking. Please, see what the Bill is saying because that is a completely different thing. It cannot be carried in this provision. I put the question that clause 12 stand part of the Bill.

*(Question put and agreed to.)*

*Clause 12, agreed to.*

*Clause 13, agreed to.*

MOTION FOR THE HOUSE TO RESUME

6.22

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Chairman, I beg to move that the House do resume and the Committee of the whole House reports thereto.

**THE DEPUTY CHAIRPERSON:** Honourable members, the motion is for resumption of the House to enable the Committee of the whole House report. I put the question to that motion.

*(Question put and agreed to.)*

*(The House resumed, the Deputy Speaker presiding\_)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

6.23

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Income Tax (Amendment) Bill No.2” and passed all the clauses except clauses 2 and 4.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

6.23

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to move that the report from the Committee of the whole House be adopted.

**THE DEPUTY SPEAKER**: Honourable members, the motion is for the adoption of the report of the Committee of the whole House. I put the question to that motion.

*(Question put and agreed to.)*

*Report adopted.*

BILLS

SECOND READING

THE LOTTERIES AND GAMING (AMENDMENT) BILL, 2017

**THE DEPUTY SPEAKER:** It had gone to committee stage. Was the question put for the second reading of this Bill?

**MR BAHATI:** We were actually at committee stage.

**THE DEPUTY SPEAKER:** No, this is the Lotteries and Gaming (Amendment) Bill.

**MR KAKOOZA:** Mr Speaker, we were at the committee stage and we disagreed on percentages of the structuring - 20, 15 and 18. That is when the Speaker in the Chair then said that we can stand over it, but the second stage had already been adopted.

**MR MUSASIZI:** Mr Speaker, the question to go to committee stage had not yet been put. I presented the report and it was debated and when we got to the point of going to committee stage, the presiding Speaker then adjourned the House.

**THE SPEAKER:** Okay. Can I now put the question to the motion for second reading and then we see if we can proceed to committee stage, because it is one clause.

Honourable members, I now put the question that the Lotteries and Gaming (Amendment) Bill, 2017 be read the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE LOTTERIES AND GAMING (AMENDMENT) BILL, 2017

Clause 1

**THE DEPUTY CHAIRPERSON:** I put the question that clause 1 stands part of the Bill.

*(Question put and agreed to.)*

Clause 2

**MR NANDALA-MAFABI:** Mr Chairman, clause 2 is a schedule. There is no need for this amendment. I have the law, which we passed in 2016. Here, the minister is saying, “The Lotteries and Gaming Act, 2016 is amended in Schedule 4 by substituting for ‘30 per cent’ the words ‘20 per cent’”. Schedule 4 clearly says, *“20 per cent of the total amount of money staked less the pay outs (winnings) for the period of filing returns”*.

The lottery is okay, so what we are amending, I think, is a different story. I propose that if there is any other law, which is contrary to this, let us deal with it. Otherwise, as far as the Lotteries and Gaming (Amendment) Act is concerned, it cannot carry effect because of schedule 4. Mr Chairman, I can share it with you; I have it here.

Mr Chairman, what the Members are interested in is those who have been gaming, and we have already passed it. That is why I raised it because I thought you would see it. Under the Income Tax Act, which we have just passed, before we go to clause 13, let us go to section 7 where you amended Section 118C - payments for winning of sports betting or pooling. The rate is under Part X of the third schedule of the Act.

In clause 12, you said those who win will be subjected to 15 per cent, meaning you have already passed it. If you have done 15 per cent there and 20 per cent here, you are already at 35 per cent*-(Interruption)*

**MR JAMES KAKOOZA:** The Bill is seeking to restructure the law, which we passed. We had passed 35 per cent but now you are reducing it to 20 per cent. The clause says -

**THE DEPUTY CHAIRPERSON:** Which law said 35 per cent?

**MR JAMES KAKOOZA**: It was the Lotteries and Gaming Act, which they amended. It says, *“The Lotteries and Gaming Act, 2016 is amended in Schedule 4 by substituting for ‘35 per cent’ the words ‘20 per cent’”.*

**THE DEPUTY CHAIRPERSON:** Hon. Kakooza, I am reading the Lotteries and Gaming Act of 2016, schedule 4:

*“Rate of tax*

*Twenty per cent of the total amount of money staked less the pay outs (winnings) for the period of filing returns.”*

**MR JAMES KAKOOZA:** What they are trying to amend is clear; they are substituting 35 per cent -

**THE DEPUTY CHAIRPERSON:** There is no 35 per cent; there is only 20 per cent in the Act.

**MR JAMES KAKOOZA:** They now want to change it to 35 per cent. The Bill is substituting for 35 per cent the words “20 per cent”. It is the other way round now; they are trying to restructure -

**THE DEPUTY CHAIRPERSON:** Honourable member, the English in the text is saying the new proposal is 20 per cent and it is what is in the Act; the 35 per cent is not in the Act.

**MR BAHATI:** Mr Chairman, in 2016 through the Finance Act, we amended the Lotteries and Gaming Act to read as follows: *“The Lotteries and Gaming Act, 2016 is amended in Schedule 4 by substituting for Schedule 4 the following -*

*‘Rate of tax*

*Thirty-five per cent of the total amount of money staked less pay outs (winnings) for the period of filing returns’.”*

We are saying that 15 per cent should be paid on winnings and then the owners of the machines pay 20 per cent; we are just restructuring it.

**MR NANDALA-MAFABI:** Mr Chairman, you cannot amend a law like this; in fact, if you used that one last year, it was wrong. That was the Finance Bill, which expires after every year. You would have brought an amendment like you have done now and say, “We are amending from 20 per cent in 2016 to 35 per cent in 2017”. It is on that basis that we would shift and amend this law. Since we have not amended the Lotteries and Gaming Act, Mr Chairman, as we speak now the Lotteries and -

**THE DEPUTY CHAIRPERSON:** No, when they were passing the Finance Act, they amended the Lotteries and Gaming Act. You can do that and we have done it many times where we use a particular law to amend another one. We dealt with one yesterday and there is nothing wrong with that.

However, there should have been a way of having it updated so that people reading the Lotteries and Gaming Act know that it was amended to that effect. Now there is a gap because how would anybody know that the Finance Act amended this if that person was not in the House here like hon. Kakooza or the minister?

This particular provision was amended to provide for 35 per cent. What is in the Bill - I hardly see what the minister is proposing about restructuring because all it is saying is, “amended in Schedule 4 by substituting for 35 per cent the words ‘20 per cent’.”

**MR BAHATI:** Mr Chairman, in the Income Tax Act we have passed 15 per cent on the winnings because they are individuals. That is why hon. Nandala-Mafabi said that the two are working together.

**THE DEPUTY CHAIRPERSON:** It is now straightforward then. We now have to restate what is already in the initial Act but because it was repealed, we now have to put the question to put it back in the Lotteries and Gaming Act. Can I put the question now?

*(Question put and agreed to.)*

*Clause 2, agreed to.*

*The Title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

6.37

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Chairman, I beg to move that the House do resume and the Committee of the whole House reports thereto.

**THE DEPUTY CHAIRPERSON:** Honourable members, the motion is for the resumption of the House to enable the Committee of the whole House report. I put the question to that motion.

*(Question put and agreed to.)*

*(The House resumed, the Deputy Speaker presiding\_)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

6.38

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Lotteries and Gaming (Amendment) Bill, 2017” and passed it without amendments.

MOTION FOR ADOPTION OF THE REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

6.38

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to move that the report from the Committee of the whole House be adopted.

**THE DEPUTY SPEAKER:** Honourable members, the question is for the adoption of the report from the committee of the whole House.

*(Question put and agreed to.)*

*Report adopted.*

BILLS

THIRD READING

THE LOTTERIES AND GAMING (AMENDMENT) BILL, 2017

6.38

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to move that the Bill entitled, “The Lotteries and Gaming (Amendment) Bill, 2017” be read for the third time and do pass.

**THE DEPUTY SPEAKER:** Honourable members, the motion is that The Lotteries and Gaming (Amendment) Bill, 2017 be read for the third time and do pass.

**MR ODONGA OTTO:** I rise on the issue of quorum for the purpose of this voting. I would like to be on record that we should check and find out if we have quorum before we can proceed to vote on this matter. I know what I am talking about. *(Laughter)*

**MS OGWAL:** Mr Speaker, hon. Odonga Otto has moved that we check if we have quorum. I think we could amend his request by saying that Members have really persevered thus far and, therefore, if it were possible, you could adjourn the House and release some of us whose spouses eat early. *(Laughter)* I support hon. Odonga Otto.

**MR OKUPA:** Mr Speaker, hon. Cecilia Ogwal has just said “those people whose spouses eat early”. Can she be specific? What do they eat early? *(Laughter)*

**MS OGWAL:** Mr Speaker, I am not here to hide hon. Okupa’s identity to the family. He knows very well that I am married to his uncle. *(Laughter)* His uncle, by virtue of his age, which is very far away from where he is, would demand that I, his wife, and the only one *-(Laughter)-* attend to him and his health. Of course, eating is part of the management of his health. That is the clarification I would like to make.

However, if he wants to monitor and verify the facts, as a member of the family he can always come and check on his uncle. I am looking after him very well. *(Laughter)* That is why I am an interested party in hon. Odonga Otto’s motion.

**THE DEPUTY SPEAKER:** Honourable member, were you referring to food? That is the question. *(Laughter)* I also suppose you are speaking for other Members of the House.

**MS OGWAL:** I am speaking for other Members as well. I am saying I would rather apply it personally to myself. To me, it is about health and feeding. However, I know that when you talk about “eating”, other people go for bottles, glasses and other things. I am not involved in those ones. In as far as hon. Okupa’s uncle is concerned *–(Laughter)–* he would be more interested in general health management. *(Laughter)*

**MR BAHATI:** I would like to put hon. *Mama* Cecilia Ogwal to order. Mr Speaker, is it in order for our *mama* to put the whole House – her children – in a very compromising situation to think about and imagine very many things? *(Laughter)*

**THE DEPUTY SPEAKER:** What were you imagining, for example? *(Laughter)* That way, I can rule properly. Otherwise, I cannot rule on the point of order you have raised; it lacks merit. *(Laughter)*

Honourable members, we are not able to proceed. However, the record shows that the Income Tax (Amendment) (No.2) Bill, 2017 was not passed because clauses 2 and 4 were stood over. The rest of the clauses were passed with amendments. The record will also show that the Lotteries and Gaming (Amendment) Bill, 2017 was passed without amendments. What was left was to take the final vote on the third reading of the Bill and its passing. That is where we are pausing.

Honourable members, this House is now adjourned to Tuesday at 2 O’clock.

*(The House rose at 6.45 p.m. and adjourned until Tuesday, 16 May 2017 at 2.00 p.m.)*