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**Tuesday, 22 May 2018**

*Parliament met at 2.46 p.m. in Parliament House, Kampala.*

PRAYERS

*(The Speaker, Ms Rebecca Kadaga, in the Chair.)*

*The House was called to order.*

COMMUNICATION FROM THE CHAIR

**THE SPEAKER:** Honourable members, I welcome you to this afternoon sitting. I would like to thank you for the work we did last week – we only have some responses from the Government side. For today, I would like to, on behalf of the population, express my concern and that of other citizens on the new spate of kidnapping, which is becoming an epidemic all over the country.

I hope the Government will address us because the women and young girls are now frightened of moving. It is not just workers but also students. I hope the Government will be able to tell us what is happening and what they are going to do to give confidence to the women of this country that they can go out to do their work and not be unduly harassed, kidnapped or killed.

There were a few Members who had matters of national concern. Two minutes each.

2.50

**MR WAIRA MAJEGERE (Independent, Bunya County East, Mayuge):** Thank you, Madam Speaker. It appears that in Uganda today, there is no clear feeding policy for our children in schools. Some of us – Members of Parliament – have been telling parents to contribute towards school feeding in terms of money or maize and beans for posho and porridge. We know that if a child takes some hot porridge or posho, he sweats and the brain is reactivated very well *–* (*Interjections) -* It is scientific. *(Laughter)* However, the Government is on a campaign that parents should pack food for the children.

This is very sad because when you talk of packing food, you are talking of leftovers. I do not think many of us here – ministers or MPs – have their kids packing leftovers to schools. There are very many challenges in packing food for the children: the hygienic issues such as cholera; the challenge of security in terms of food poisoning, and the practicability and sustainability of that practice.

Therefore, Madam Speaker, I would request that the Minister of Education and Sports comes here and tells us the clear policy on feeding children in our schools. In the meantime, I would request that the Ministry of Education and Sports first stops the campaign of saying that parents should pack food for the children so that we have a clear policy for feeding children in our schools. Thank you.

**THE SPEAKER:** Honourable members, this matter concerns the whole population and I think it would be important that as a country, we embrace it. Therefore, I ask the Minister of Education and Sports to come and explain the policy and the House either adopts or varies it so that we can move together because we are also expected to talk to the parents. As Members of Parliament, we are expected to assist the Government in fulfilling the policy. Therefore, the minister is invited to come and give us the position on school feeding.

2.53

**MR PAULSON LUTTAMAGUZI (DP, Nakaseke County South, Nakaseke):** Thank you, Madam Speaker. I rise on a matter of national importance regarding the scarcity of antiretroviral drugs (ARVs) and Septrin in Nakaseke Hospital, where more than 600 patients have been affected. Doctors have advised these patients to buy ARVs from black markets and some of the doctors are actually selling these ARVs.

We are all aware these patients are supposed to swallow these tablets on a daily basis but some of them cannot afford to buy them. Therefore, the majority of them have actually given up on their lives. My humble prayer is that the Minister of Health gives an explanation as to why these drugs are scarce.

Lastly, at Nakaseke Hospital, we need urgent attention for our people because we cannot leave them to die. These are Ugandans. Thank you, Madam Speaker.

**THE SPEAKER:** The minister is here and I hope she will be able to give us a response. Are you responding now, honourable minister?

2.54

**THE MINISTER OF STATE FOR HEALTH (GENERAL DUTIES) (Ms Sarah Opendi):** Thank you, Madam Speaker. The honourable member is right. We have been having a challenge; we had a gap in funding and were, therefore, not able to have the Septrin in the country for some time. The priority was to have the antiretroviral drugs in the country. We had a shortage of the antiretroviral drugs some time back but this was sorted out. Therefore, the ARVs are available with the National Medical Stores. For the Septrin, Madam Speaker, there was this gap.

However, we have funding from the Global Fund of close to $4 million, which will be availed and we will have the septrin in the country in July. Thank you.

2.56

**MR HENRY KIBALYA (NRM, Bugabula County South, Kamuli):** Thank you, Madam Speaker. On several occasions, Members have expressed their concern as far as lack of national identity cards for our respective voters is concerned.

Last weekend, a lady came to my home and said her children had failed to go to school because the heir to the deceased, who was supposed to administer the assets of their late father and pay for the kid, could not be allowed by the Administrator-General since that lady did not have national identity card.

In my area, every weekend, people come complaining about lack of national identity cards. We have expressed this concern to the respective returning officers but they always say data is not back yet.

Today morning, the news headline of the *Daily Monitor* says the Ministry of Health will stop people from accessing medication if they do not have national identity cards. Madam Speaker, can the Minister of Internal Affairs give us a commitment in order to stop our people from suffering, especially those who are looking for national identity cards? The other time, parents were asked to go and stand for their children in schools when the ministry was registering students. Parents were even asked to present their national identity cards before their children could be registered. Therefore, could the Minister of Internal Affairs give us a commitment and deadline that maybe in the next one month, nobody will stand again on the Floor to cry for national identity cards? Thank you, Madam Speaker.

**THE SPEAKER:** We are going to have both the Minister of Internal Affairs and Minister of Health respond to the issue because they want identity cards in the hospitals.

2.58

**THE MINISTER OF STATE FOR INTERNAL AFFAIRS** **(Mr Kania Obiga):** Thank you, Madam Speaker. Many times, we have made statements on this Floor telling Parliament that it is true that National Identification and Registration Authority (NIRA) has not registered all Ugandans and we gave the reasons.

It is also true that we have not registered all students. Last week, I was on this Floor explaining the same matter. NIRA’s duty and the duty of the Ministry of Internal Affairs is to register Ugandans. The application and the use of these identity cards for obtaining services is entirely another matter; it is not in the hands of the Ministry of Internal Affairs.

Government ministries, departments and agencies, which are denying services to people because of lack of identity cards, are doing it out of context because we have not registered everybody. Therefore, at this stage, you cannot stand up and say, “Some Ugandans should not get services because they do not have identity cards”. You will be denying services to Ugandans.

As we explained last week, our plan for the students is that as soon as we get back to next term and once budgetary allocations are completed beginning July, we will be re-registering all the students in schools. Meanwhile, we will also be opening up all the stations at the district levels for people to be able to move from the district levels with equipment for registrations to the sub-counties and continue with the registration at that stage. Therefore, at this moment, as the ministry, we do not have a policy that nobody should get any services because they do not have identity cards. Thank you.

**THE SPEAKER:** Minister of Health, are you stopping those who do not have national identity cards from getting treatment?

3.00

**THE MINISTER OF STATE FOR HEALTH (GENERAL DUTIES) (Ms Sarah Opendi):** Thank you, Madam Speaker. I think that is just work in- progress as we plan to have the national health insurance scheme in this country. However, that is for the future. I strongly believe that my senior colleague made that statement but it is not something that is supposed to take place now. It is for the future. (*Interjections) A*fter this Parliament has considered the national health insurance scheme – we have not even presented the scheme to Cabinet although the draft Bill is ready. We are waiting for a chance to be given to us to present the draft Bill to Cabinet so that we bring it to Parliament. Once the law is enacted, it can apply. As per now, it will not apply.

3.01

**MS JESCA ABABIKU (NRM, Woman Representative, Adjumani):** Thank you, Madam Speaker. I rise on a matter of national importance regarding the inadequate supply of oxygen cylinders in Mulago National Referral Hospital.

I have two experiences. One was last year, in October, when I was involved in an accident and I lost my sister. The other was last week, on Saturday, when I was in Mulago National Referral Hospital in the causality ward. I found 30 patients there and 10 of them were supposed to be on life support but there were only two cylinders. Three patients were put on one life support; meaning that out of 10 patients who were supposed to be on life support, only six of them were on life support.

The doctors tried but the facilities were not there. I lost my brother whose body will be taken this evening. Madam Speaker, this is a national referral hospital, which does not have this facility.

My prayer is that this being a budget process, the Minister of Health should tell us how much is budgeted for oxygen cylinders. I pity the doctors because they were helpless. Otherwise, if there is no adequate budget, I would like to lobby my colleagues – Today, it is somebody but tomorrow it could be you. We cannot avoid being in hospitals. Can we stay the approval of the budget for Ministry of Health until we are sure that we have some of these basic facilities? Thank you, Madam Speaker.

**THE SPEAKER:** Minister of Health, that is a very critical issue.

3.03

**THE MINISTER OF STATE FOR HEALTH (GENERAL DUTIES)** **(Ms Sarah Opendi):** Thank you, Madam Speaker. I convey condolences to hon. Ababiku, for the loss of her brother. However, we have enough oxygen available at Mulago National Referral Hospital. *(Interjections)* Please, do not say “No.”

**THE SPEAKER:** Let the minister first explain.

**MS OPENDI:** We do not have shortage of oxygen and oxygen cylinders at Mulago National Referral Hospital. However – I have not made the statement. Can I complete the statement? It is me to allow you seek for clarification - (*Interruption)*

**MR MUNYAGWA:** Madam Speaker. I rise on a point of clarification. There is already a court case between the Lord Mayor Erias Lukwago v. the Attorney-General and Mulago National Referral Hospital. Erias Lukwago lost a relative but when we went to pick the body, the reason we were given was that seven people died because of lack of oxygen. That case is still in court.

I would like to seek clarification from the minister - I am the Member of Parliament for Kawempe South and that is where Mulago Hospital is per now. I visit that hospital occasionally. Please, can you clarify which hospital you are talking about?

**MR KASIBANTE:** Thank you very much, Madam Speaker. First of all, it is not only oxygen that Mulago Hospital lacks. Even the basic facilities, including gloves for the expecting –

**THE SPEAKER:** Honourable member, let us not detract from the important issue of oxygen. We can talk about the gloves. Let us deal with oxygen.

**MS OPENDI:** Thank you, Madam Speaker. I would like to appreciate the point that has been raised by hon. Munyagwa. However, allow me to make this statement, colleagues and please, understand me. Let us not mix two issues.

We have adequate supplies of oxygen at Mulago Hospital. However, there may be a problem with those who are in charge hiding the cylinders, possibly – *(Interjections)* – Yes, I am simply giving this case.

Allow me to investigate this matter and come and give a detailed statement because she has already explained that ten people were using two cylinders. Therefore, allow me, Madam Speaker, to come with a formal statement on this matter but otherwise, we have adequate supplies of oxygen in Mulago Hospital.

**THE SPEAKER:** Honourable minister, I think it is really urgent that you find out what happened. Please, get the details from hon. Ababiku so that no other Ugandan has to go without oxygen.

3.07

**MS GRACE NAMUKHULA (NRM, Woman Representative, Namisindwa):** Thank you, Madam Speaker. I rise on an issue of national importance of Nakalama-Tirinyi-Mbale road. It has moved from its bad state to worse. Three places have been cut off at Lupada, Nabikeeto and Kakoli.

Heavy vehicles are now using “*panya”* roads, which leads to insecurity for those who are moving at night. We now use Tororo road, which is a very long distance. I pray that Uganda National Roads Authority (UNRA) urgently helps us. Thank you.

**THE SPEAKER:** Honourable members, the Ministry of Works and Transport should come and urgently give us advice concerning the Tirinyi-Nakalama road. It is the major route to the east and if it is not repaired, many Ugandans are not going to be able to go home or to come to Kampala.

3.09

**MR ODONGA OTTO (FDC, Aruu County, Pader):** Thank you very much, Madam Speaker. I returned from the great north this morning and I would like to raise a matter of national importance in relation to currency of smaller denominations.

We have a huge challenge in most parts of the country outside Kampala where people do not have denominations of Shs 500, Shs 1,000 and Shs 2,000. It is to the extent that if you go to any shop or restaurant, they first ask you to parade the money you want to use for getting goods.

If you show it is Shs 10,000, they say there is no change. *(Laughter)* They first say, “You show the money you are going to use for paying.” We even have cases where people with Shs 50,000 have slept hungry in the whole district because they cannot change that money.

Therefore, I am putting the question to the Minister of Finance, Planning and Economic Development – and since he is still out, the Minister in charge of General Duties, who is in charge of everything - *(Laughter)* – should tell the country whether Bank of Uganda can feel it necessary at this particular point to produce more smaller denominations of currencies to facilitate financial transactions all over Uganda.

There are people who would like to pay taxes. They cannot carry their goats and take them to Diamond Trust Bank where they have to pay the taxes in cash. *(Laughter)* Therefore, can the Government tell us what they have in the near future to produce currency in smaller denominations? Secondly, the Shs 500 denomination is being used for welding bicycles because it is copper. If you have a broken bicycle frame, they ask for Shs 2,000; then they get the Shs 500 coin and use it for welding and it works very well. Hon. Ecweru Musa knows what I am talking about. *(Laughter)*

Therefore, would the ministry also tell us – *(Interruption)*

**MR ECWERU:** Madam Speaker, tampering with currency is a crime. For my honourable colleague to say that he has witnessed it being used for welding and he has not reported the matter to police, is the Member in order to continue addressing this august House and raising a crisis because there is no money and people have used it for welding? Is he in order before reporting to the Police and to implicate a whole minister responsible for disaster management, in knowing how currencies are being mismanaged in particularly Aruu County? Is the Member in order?

**THE SPEAKER:** No, the honourable member is not in order. He has a duty to report the commission of an offence.

**MR ODONGA OTTO:** Madam Speaker, I am just asking the Government to come and make a clear statement on issuance of smaller denominations so that financial transactions are made easy all over the country. Thank you very much for this opportunity.

**THE SPEAKER:** Maybe to compliment what hon. Otto is saying; some time last year, even before we went for elections, I complained that these people who are gambling and have these machines, they collect the Shs 500 coins every day. I asked the Ministry of Finance, Planning and Economic Development where this money goes. With all these machines in the country, where do those Shs 500 coins go? This could be part of the shortage. These Chinese collect them every 5 o’clock. I do not know where they take them.

**MR ODONGA OTTO:** Madam Speaker, the Shs 500 coins go in the slot machines. There are over 2,700 slot machines in the country and some of them use the Shs 500 coins. In those machines, there are safes that can keep up to three million shillings of the Shs 500 coins. In some centres, they can take one or two months without opening.

Actually, those slot machines are holding the legal tender because people drop in the coins as they gamble. I thought of giving that information before the minister comes to tell us what they can do about this.

**THE SPEAKER:** That is extremely serious, honourable members; very serious. I hope the Minister of Finance, Planning and Economic Development will come and tell us what he is going to do about that.

3.13

**THE MINISTER, OFFICE OF THE PRIME MINISTER, (GENERAL DUTIES) (Ms Mary Karooro Okurut):** Thank you, Madam Speaker and thank you, hon. Otto for raising that issue. (*Whereupon the Minister of Finance, Planning and Economic Development enters the Chamber*.) Talk about the angel and he appears. *(Laughter)* Madam Speaker, we shall hear from the horse’s mouth.

3.14

**MR BENARD ATIKU (Independent, Ayivu County, Arua):** Thank you, Madam Speaker. I rise on a matter of national importance. This is in regard to insecurity in Arua. Eight days ago, a Uganda People’s Defence Forces (UPDF) soldier at private rank was killed while guarding at a trade show. His sub-machine gun was taken with about 120 rounds of ammunitions.

Last week on Thursday, a young man was gunned down at a pub and a colossal amount of money was taken from him. That very night, two young men were also killed in the suburbs of my constituency. The killers, to date, have not been brought to book but the reaction of the police and the UPDF has been very worrying and scary.

Since Friday, people have been beaten indiscriminately, property destroyed, people’s businesses vandalized and this has gone on for the last three nights. This has caused a lot of unrest in Arua and we are wondering what Ministry of Internal Affairs is doing because we had thought the Police and UPDF, according to the Constitution, are establishments to give security and to defend our people with their properties. Instead, they are doing exactly what the criminals have been doing.

**THE SPEAKER:** Minister of Internal Affairs, do you have anything to say about that issue? As he is coming, in the public gallery, we have some Missionaries from General Mission Board, United States of America. They support handicapped children and they also provide clean water. You are welcome. (*Applause*)

3.16

**THE MINISTER OF STATE FOR INTERNAL AFFAIRS (Mr Kania Obiga):** Madam Speaker, it is true, as the Member of Parliament for Ayivu has said, at a trading centre during a tradeshow in Arua, a UPDF officer was killed by unknown people and the body was found the following day. Last week, a young man, as he described, was killed by some gunmen. It is suspected that when the two gunmen took a motorcycle as they were fleeing, they were intercepted by some other people. One of the people who were killed outside the town but in the forest is suspected to have been a member of the thugs. However, this is being investigated.

Following that incidence, as you all know, a lot of criminals who terrorise Arua come from Sudan and Congo. Of course, there are some who are from within. They are heavily armed with military guns. Therefore, because of this, it is true in the last two days, the police and the army have launched joint night patrols to secure the population.

I have not heard of what hon. Atiku described as the unfortunate incidence of people being beaten or their property being taken. Of course, if that is happening, it is illegal and the situation should be addressed. However, the patrols are for the purpose of securing the area. In fact, my other information is that the citizens are generally happy and they are encouraging the patrols to continue until they are fairly sure that the situation will stabilise. Thank you very much.

**THE SPEAKER:** Thank you.

3.19

**MR RICHARD OSEKU (NRM, Kibale County, Pallisa):** Thank you very much, Madam Speaker. I am rising on a matter of national importance pertaining disaster, which struck my constituency on the 5th of May. A storm hit two parishes but specifically in Opogono Primary School; two classroom blocks’ roofs were destroyed completely including one pit latrine. A total of 601 gardens of rice, maize, cassava, millet and sorghum were destroyed.

As you are aware, schools are due to reopen next week but four classrooms will be without roofs and it is still raining and the pupils will have nowhere to study from.

My prayer is that- I see my brother, the Minister of State for Relief and Disaster Preparedness is here. I pray you attend urgently to the schools because all the other iron sheets were destroyed. We would require iron sheets to roof the classroom blocks and fix the toilet so that the pupils can resume studies. We also need some forms of inputs specifically seeds; we should be provided with seeds so that the people can plant. It is still raining.

That is my appeal. Thank you, Madam Speaker.

3.21

**MS JULIET KYINYAMATAMA (NRM, Woman Representative, Rakai):** Thank you very much, Madam Speaker. As you all know, it is a rainy season and Rakai has been blessed with a lot of rain and storms; it is a blessing in disguise. Last week on Wednesday, we had a heavy storm; we lost crops and two primary schools. Three classrooms were affected in each school. We have lost churches and homes; 30 households were affected. You know we were also affected by the earthquake. A huge pledge was made and it has never been fulfilled.

So, this is another tsunami. I call it a tsunami because people are wondering what is happening. Since the minister is around, I kindly request for his intervention most especially for the schools that are yet to open. One health centre was destroyed too.

3.22

**MS ROBINAH SSENTONGO (DP, Woman Representative, Kyotera):** Thank you, Madam Speaker. I rise on a matter of national importance, which concerns Kyotera District. The road to Kyotera from Kyapa to Kasensero is broken. The water has crossed and the bridge is nearly collapsing. However, when you manage to go through to Kasensero, across the water to Nangoma- in Nangoma sub-county, last Monday, the soldiers who are concerned with fishing came and broke all the boats at Kakunyo Landing Sites. Among the boats that were broken were boats used to carry pupils and patients from Nangoma to Kasensero. The people cannot even proceed to Kakuuto because the road is too bad.

I was here in November about the Kasensero Road. People were praying for that road to be tarmacked because it is too bad. Now, the bridge is breaking and it has gone beyond to the landing site of Kakunyo. The pupils cannot cross to go to schools since the boats are broken. The hospital that is there has no beds. There is only one medical personnel in the Health Centre II at Kakunyo where people used to cross over to.

My people pray that if they cannot be supported from Nangoma, they request Tanzania to support them because they are near Tanzania. (*Applause*) That was their prayer even the last time and the minister said we cannot beg Tanzania or Rwanda to help us. Now, they are begging that they should be given a rescue boat to carry pupils and patients to Kasensero. Thank you, Madam Speaker.

**THE SPEAKER:** Before I invite hon. Kamateeka, the Minister for Presidency was supposed to come here to explain the conduct of the UPDF in breaking the boats. Some of the boats are not for fishing; they are for transport. I do not know for how long this is going to go on. People of the mainland do not understand that islanders actually use the boats for transport.

**MR SSEGGONA:** Madam Speaker, maybe you need this information. After destroying the boats, they actually go down and burn the houses. Some of these islands are not just fishing islands. There are people born on those islands and they have buried their great grandparents there. You burn their houses because of illegal fishing?

**THE SPEAKER:** Can I have a comment from Katerera? Let us hear from there.

**MR KATOTO:** Thank you, Madam Speaker. It is a pity. The UPDF that should be protecting people is torturing them instead. I raised it to the army commander; even people carrying fish are being beaten. They are not fishermen but when they get you carrying fish, they beat and take your phone and money. Of recent, I took pictures from my constituency and I have them here. Therefore, UPDF should come here and tell us why they are doing so. It is too much.

3.27

**MS JOVAH KAMATEEKA (NRM, Woman Representative, Mitooma):** Thank you, Madam Speaker. Today is World Preeclampsia Day and this House lost the late Halait Kaudha, Member of Parliament for Iganga to preeclampsia disease. We are told that out of 336 women who die in child labour or pregnancy related cases out of 100,000 deliveries, 127 women die of preeclampsia; which is hypertension or high blood pressure related to pregnancy.

I would have expected a statement from the Ministry of Health to help us raise awareness about this disease because we are told that most of the women get affected because they do not attend antenatal care and do not know about it. Then they present late for referral; by the time they get to the hospital, as in the case of our colleague, it is too late to survive.

Therefore, we urge the Ministry of Health to bring a statement to help us raise awareness to first of all in this august House and the public so that they know that when a woman gets pregnant, it is very important that they attend antenatal care. Thank you.

**THE SPEAKER:** The minister has heard.

3.29

**MS ROBINA RWAKOOJO (NRM, Gomba County West, Gomba):** Thank you, Madam Speaker. I rise on a matter of national importance to do with the Villa-Maria-Kabulasoke road, 48 kilometres. I would say Gomba West or Gomba is now officially cut off from Masaka because that road is partially submerged due to the collapsed bridge. What saddens is that people sympathise with themselves that instead of going round Sembabule, they would rather try and attempt to have a shortcut. They are putting plunks of wood across and trying to walk and the vehicle moves on its own.

Unfortunately, there is a canter vehicle, which was partially submerged that the front part of it fell in and the rear part remained hanging in the air. A breakdown came to pull it out but almost went with it. However, a stronger breakdown came and rescued it.

First I want it to be an alert to the public so that we don’t lose lives but also a call to works ministry and UNRA. I did inform UNRA and they responded by sending an engineer to access. However that was before the submersion of the vehicle. Therefore works ministry should come up and do something for us. Thank you.

**THE SPEAKER:** Today’s major complaints have been about the quality of roads; there is a problem. Sometime back we went to Ghana to celebrate the golden jubilee and we were told that the roads we were driving on were constructed by Kwame Nkrumah and they are still perfect. More than 50 years! But now roads in Tirinyi, Gomba, Kabale and elsewhere - we need to do something about it because there must be a problem with the quality of our roads.

It is not only raining in Uganda but in other places as well. There must be a problem with the quality of our roads. I hope the works minister can address us on it. Let us go to item three.

**MR SSEGGONA:** Thank you, Madam Speaker. We would need guidance on some of the matters we raised. In a couple of microseconds, you talked about the minister briefing this Parliament on the destruction of people’s boats, houses and I thought it is important that we hear from the minister or that you give directives to the minister to report to us on this matter.

Otherwise, raising it, regressing over it without taking it some conclusive end would defeat the whole logic of the representation by this House. I would ask for your indulgence, Madam Speaker, that you give some direction on how and when the minister should report to this House because people have lost jobs, lives and property. As Parliament the people’s representatives, we need to drive this to some logical conclusion.

Of course there are many other problems which could be associated with it; one of them being the militarization of all institutions and deviation from the constitutional role of the UPDF. Therefore, when we use them to do some extra duties, we must give them guidance. I can see some protests from some colleagues but UPDF is governed by law; the Constitution of this Republic.

If we sent you to do some community assistance, community related development activity; you should be able to account for it. How do we account for the property lost, loss of jobs etcetera?

**THE SPEAKER:** Honourable members, last week when we had a debate on the report from the presidency, there is a minister who stood in for the presidency and I hope that today he is going to respond to the issue of the UPDF beating up Ugandans on the lakes, breaking their boats and destroying their property. I hope you are going to. If you are not, you will tell us so that we know how to move.

3.33

**THE MINISTER OF STATE FOR ECONOMIC MONITORING (OFFICE OF THE PRESIDENT) (Mr Baltazar Kasirivu):** Madam Speaker, I am sure the presidency is gathering information so that we come with adequate information.

**THE SPEAKER:** Honourable minister, I don’t think there need to gather information. There have been reports on the Floor of this House from Buvuma, Buyende, Namayingo and Koome; how much more information do you need?

**MR KASIRIVU:** Madam Speaker, we have to coordinate with defense ministry so that we bring adequate information to this House.

**THE SPEAKER:** Anyway, we are directing the Minister for the Presidency to come - these matters were raised two weeks ago. Therefore, tomorrow the minister must come and explain the issue of mishandling of citizens on the waters. Thank you.

PRESENTATION OF PETITION BY RESIDENTS OF KAMALIBA VILLAGE, MUGGE PARISH, NKOZI SUBCOUNTY, MPIGI DISTRICT

3.34

**MR JOHN BOSCO LUBYAYI (NRM, Mawokota County South, Mpigi):** Thank you, Madam Speaker. I am presenting a petition from the residents of Kamaliba village in Nkozi Sub County that have been sent away from their village. This village has been in existence since 1976 and -

**THE SPEAKER:** Do not read the substance. Just read the subject and then the prayers.

**MR LUBYAYI:** This is a humble petition of residents of Kamaliba village, Mugge Parish, Nkozi Sub County, Mpigi District. The petition is regarding the eviction of the residents of Kamaliba by Aqua World Uganda Limited a company owned by Pastor Kakande and my prayer – (*Interjections*) –

**THE SPEAKER:** Order, allow the honourable member to present the petition.

**MR LUBYAYI:** The petitioners pray that a relevant committee of Parliament investigates this matter and come to a logical conclusion. Thank you, Madam Speaker.

Allow me, Madam Speaker, to lay on the Table the petition and signatures of the petitioners.

**THE SPEAKER:** Okay, I will study the petition and give direction which committee will handle it.

PRESENTATION OF PAPERS

SUPPLEMENTARY EXPENDITURE SCHEDULE NO.3 FOR THE FY 2017/2018 BUDGET

3.37

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, I beg to lay a supplementary expenditure Schedule No.3 for the Financial Year 2017/2018.

**THE SPEAKER:** It is sent to the Committee on Budget for perusal.

**MR NANDALA-MAFABI:** Thank you, Madam Speaker. A month ago, we passed a supplementary budget here of over Shs 7 trillion. We are in the budget process for the next financial year which is beginning in a month’s time. This means that we distorted the budget of 2017/2018 which Parliament earlier on passed knowing what it entails.

We are now sending this document to the Committee on Budget and yet the committees which passed it were the sessional committees. Is it procedurally right for us to discuss a supplementary budget and yet less than a month ago, we passed a Supplementary No.2 worth Shs 7 trillion, which was 25 per cent of the national budget.

**THE SPEAKER:** Honourable members, I do not think our rules allow us to reject a proposal which has been brought here before it goes to the committee. Let us send it there and they will advise us on whether to reject it or not.

**MR MWIRU:** Thank you, Madam Speaker, for the ruling. However, when we passed the supplementary budget, it was in two clusters; the one which was within the three per cent limit and the one which required parliamentary approval.

As Parliament, we have a cut-off for presenting these supplementary schedules; when you look at the corrigenda in the next item and the one being raised, they are the same.

For purposes of orderliness and keeping the decorum of the House shouldn’t we have a cut-off for these supplementary expenditures?

**THE SPEAKER:** Honourable members, we shall look at our Rules of Procedure and see whether it should be cut-off or not. As for now we should not legislate in anticipation, but let the committee responsible advise us on whether to accept or not; we cannot reject it on this Floor.

**MR MUNYAGWA:** Thank you, Madam Speaker. We need your guidance when it comes to handling supplementaries. Last financial year, the sectoral Committee on Defence and Internal Affairs, where I am a member, was investigating a matter with Uganda Police regarding Kikandwa land.

As we were still investigating, the budget committee went ahead and passed a supplementary budget for the police to procure that land. Now that this supplementary proposal is here, why can’t each component that belongs to a sectoral committee be referred to that sectoral committee to go through that component other than sending an omnibus package to the budget committee which will just pass it without perusal?

**THE SPEAKER:** Honourable member, the budget committee is composed of the chairpersons of these committees. The Committee on Budget should examine this and report to us and advise us on what to do.

PRESENTATION OF PAPERS

ADDENDUM TO THE CORRIGENDA TO THE DRAFT BUDGET ESTIMATES

FOR FY 2018/19

3.43

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, I beg to lay on the Table an addendum to the corrigenda to the draft Budget Estimates for the Financial Year 2018/2019.

**THE SPEAKER:** The same is sent to the Committee on Budget; they will study it and advise us.

Hon. Nandala what is bothering you?

**MR NANDALA-MAFABI:** Thank you, Madam Speaker. We are raising very important issues. In the last supplementary budget that we passed, none of us remembered the Shs 106 billion being paid for electricity until one Member raised it here, and even the chairperson of the committee said that he had not understood it.

The committee had recommended and Parliament had accepted that money should not be paid and the budget committee was coming to pass it through the supplementary.

Before we have even passed the budget, you are saying that the corrigenda should go to the budget committee. Madam Speaker, you are creating a monster in the budget committee.

In fact, it is now worse than Ministry of Finance; these committees are the ones that make reports for us, they come and present and we as Parliament pass them.

That supplementary budget does not only affect one place, it affects all the sectoral committees. Wouldn’t it be procedurally right that the corrigenda plus the supplementary be reported on by each sectoral committee and the job of the budget committee will be to harmonise what Parliament has passed?

Today I was in my office and they were looking for my chairman of the finance committee to go to the budget committee with all MDAs to defend the budget. And yet these people came to the finance committee, defended it and the finance committee brought it here and it was passed. What other job has the budget committee got to do?

I beg that you do not create a monster in the budget committee; there are already complaints about that committee. If you are not aware I am going to bring them to you.

**THE SPEAKER:** Honourable members, I will look at the Rules of Procedure again after this sitting but the documents are here with us. I will give you guidance tomorrow.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE ON PRESIDENTIAL AFFAIRS ON THE MINISTERIAL POLICY STATEMENTS AND BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2018/2019

**THE SPEAKER:** Honourable members, last Thursday we had received the report and vetted it but what remained was the response from the Government. The Deputy Prime Minister is here and can take to the Floor. Rt Hon. Deputy Prime Minister, we have given a total of 40 minutes for those responses; if you could do it in less time, we shall be happy.

3.47

**THE FIRST DEPUTY PRIME MINISTER AND DEPUTY LEADER OF THE GOVERNMENT BUSINESS (Gen. (Rtd) Moses Ali):** Madam Speaker, I stand here to respond to various matters raised during the statements before the Office of the Prime Minister (OPM). Also, the various ministers who are affected will be here to supplement what I am presenting if more responses will be required.

It has been said that there are fraudulent acts in the Office of the Prime Minister. In fact, the Prime Minister’s Office is not the monopoly of fraudulent acts but these are everywhere. *(Laughter)* Therefore, it is not correct to say that there are fraudulent acts in the Prime Minister’s Office. We are not a monopoly of this; the Office of the Leader of the Opposition is also having some fraudulent acts. *(Interjections)* It is not true that the Office of the Prime Minister is perennially involved in fraudulent acts.

**MS WINFRED KIIZA:** Madam Speaker, I would like to thank the Leader of Government Business for the communication. However, in his submission, the Leader of Government Business has alluded to the fact that even the Office of the Leader of the Opposition is involved in fraudulent acts after accepting the fraudulent acts in his office.

I would like the Leader of Government Business to substantiate and if he does not do so, will he be in order to put the honourable Office of the Leader of the Opposition in disrepute when the office has transparently done its work for the good of this country? Would he therefore substantiate?

**THE SPEAKER:** Rt Hon. Prime Minister, you could give us the evidence about the corruption and fraudulent acts in the Office of the Leader of Opposition.

**GEN. (RTD) ALI:** Thank you, Madam Speaker. First of all, I must correct the Leader of the Opposition that I did not say what she heard. She may be hearing something different from what I said. I did not say what she heard so I have nothing to justify because I did not say what she has heard. *(Laughter)*

**MR MUNYAGWA:** Point of procedure, Madam Speaker.

**THE SPEAKER:** No, he is quiet; he is not saying anything.

**MR MUNYAGWA:** It is a point of procedure, Madam Speaker; not on the issue of the Leader of the Opposition but on what he is trying to respond to.

**THE SPEAKER:** He has not yet said anything; why don’t you allow him to speak? Do not pre-empt what he is going to say. He is responding to the debate for last week, do you want to stand on the Table?

**MR MUNYAGWA:** No, no. *(Laughter)*

**THE SPEAKER:** Okay. *(Laughter)*

**GEN. (RTD) ALI:** Madam Speaker, I was saying that it is not true that the Office of the Prime Minister is perennially involved in fraudulent acts. In the past, there were some fraudulent acts, which were identified in time and those that were involved have since been prosecuted and some are in Luzira. If you are not aware, tomorrow we shall organise with the prisons department to take you to see those who are there *-(Laughter)*– and the various cases are at different stages; some having been concluded.

The on-going investigations in the Refugee Response Programmes are a result of whistleblowers, in brief. As the Office of the Prime Minister, we took the whistleblowers’ information seriously and have held several meetings with all stakeholders. We agreed on a comprehensive investigation led by the Inspector General of Government (IGG) and the police as well as the representatives of the United Nations High Commissioner for Refugees (UNHCR) and other donor agencies. Upon completion of the investigations, the findings will be made public and the necessary action will be taken against anybody involved in any form of mischief.

Secondly, there is strategic coordination, monitoring and evaluation. The Office of the Prime Minister plays a major role in co-ordinating Government programmes; it co-ordinates activities that involve more than one ministry and several agencies. Among the meetings, it coordinates the Policy Coordination Committee, Policy Committee on Environment and the Presidential Investors’ Round-Table as well as the Prime Minister’s Private Sector Forum and many others.

The Office of the Prime Minister undertakes monitoring and evaluation of all programmes and projects bi-annually and submits the findings to cabinet.

The OPM also produces the Government Annual Performance Report every year. The report for the Financial Year 2016/2017 was presented to Cabinet and stakeholders from 5th to 6th September 2017. The findings informed Government in formulation of the budget framework paper. In the coming financial year, the OPM will monitor district local governments directly. Thirdly – *(Interruption)*

**MS WINFRED KIIZA:** Thank you, Madam Speaker. I appreciate the fact that the Rt Hon. Deputy Prime Minister is responding to questions that were given to his office and in the process, the Deputy Prime Minister is responding from a written text. Wouldn’t it be procedurally correct for him to share the text with us so that we can properly follow what he is talking about?

**THE SPEAKER:** I think the Prime Minister is first giving general remarks; the sector ministries will do the specifics. I hope that is what you are doing.

**GEN. (RTD) ALI:** Madam Speaker, I think it is safe for me to read because there are many misquotations here in this House. If I just spoke off cuff, I would not deny but if I read, I will be able to refer to what I have been reading if I am misquoted. Therefore, this is a legal fact. (*Laughter*)

Linkage between OPM and Local Government

Many of the affirmative action programmes run by OPM are conducted in partnerships with district local governments. These include NUSAF III, PRDP and LRDP. In the case of NUSAF III, the operations have been developed to the community levels.

OPM also conducts community accountability meetings - *Barazas*. Some of you might have met some ministers going from OPM to conduct *barazas* in your districts -*(Interjection)* They will come if they have not arrived there.

However, if your districts are still having problems and violence and so on, then we might bypass you to give you time to cool down because you never know people might not turn up. These *barazas* have been found to be very useful because they enable communities to receive information directly from the implementers.

The Impact of Affirmative Action Programmes

Affirmative action programmes were developed for those regions, which have been lagging behind due to various factors but mainly due to war; Uganda has suffered for many years and many people in various parts of the country have suffered.

Therefore, the programmes have been running for quite some time now and the impact has started to be felt. The best example is Karamoja where disarmament has had a great impact on the livelihood of the people. If you go to Karamoja now, you will come back because nobody will spear or shoot you because the guns were collected.

We have also witnessed poverty levels reduce from 84.7 per cent in 2007 in Karamoja to 74.2 per cent in 2012 and now we are at 60.2 per cent in October 2017. That is the vivid impact; if you go to Karamoja, you will see.

Underfunding for Bunyoro and Teso Affairs

We are cautious that funding for Bunyoro and Teso is still insignificant. We hope to have it increased as soon as the Ministry of Finance, Planning and Economic Development can mobilise more revenue. However, many districts of Teso also benefit from other interventions from the OPM which are directly funded by development partners such as NUSAF III and Development Initiative for Northern Uganda (DINU)

Special Programme for Busoga

OPM hired a contractor for the development of a special programme for Busoga sub-region as directed by H.E the President. The draft development programme was shared with Members of Busoga Parliamentary Group and their input to the report was greatly appreciated.

The report is ready for presentation to top management at OPM and thereafter, it will be taken to Cabinet for adoption. We intend to look for development partners to fund this programme as money cannot be found by the finance ministry for this programme in the medium term. Madam Speaker, I beg to submit.

**THE SPEAKER:** Thank you very much. Do the sector ministers wish to supplement anything?

4.02

**THE MINISTER OF STATE FOR RELIEF AND DISASTER PREPAREDNESS (Mr Musa Ecweru):** Madam Speaker, I know we have discussed this policy statement and we agree with a number of areas. I only want to beg the finance ministry to put a provision for the Contingency Fund so that we can be able to respond to emergencies.

All the other provisions - limited as they may appear - if the Contingency Fund is provided for as commanded by the Constitution, my ministry and department will be able to respond to emergencies as and when they do come.

**THE SPEAKER:** Members, since we are doing budgeting, I think we really need to address the Contingency Fund. It is there in the Constitution and we harass this poor minister with very many requests but we have not given him support. Therefore, during the Committee of Supply, let us address the Contingency Fund. Does the Minister for Bunyoro have anything to add? *(Interjection)* No. Luweero Triangle?

4.04

**THE MINISTER OF STATE FOR LUWEERO TRIANGLE (Mr Dennis Galabuzi):** Thank you, Madam Speaker. There was an issue that was raised by the committee, which I want to clarify. It has also been doing rounds in the media and I believe the public needs to know the truth because it has been quite inaccurate.

It has been circulating that Luweero-Rwenzori Triangle has a recurrent budget of Shs 33.4 billion with Shs 2.57 billion on development and thereby reflecting a recurrent expenditure 13 times bigger than that of the development expenditure.

Madam Speaker, we met the committee and tried to clarify on this issue and a response was given; I don’t know why it was not captured but it arises from the one-off gratuity we pay *(Kasiimo)* to civilian veterans - those that helped in the war. That was put on the recurrent side - that is about Shs 30 billion.

Therefore, it is not true that most of this money is used to oversee the development budget of just Shs 2.5 billion. It was just a misrepresentation and I thought I should clarify on that. I hope that clarification is made to the committee and to the public and the press that was spreading it. Thank you.

**THE SPEAKER:** Thank you. Anything from the Karamoja ministry?

4.06

**THE MINISTER OF STATE FOR KARAMOJA AFFAIRS (Mr Moses Kizige):** Madam Speaker, Karamoja presented itself to the committee and the committee had no comments because they accepted all our presentations.

**THE SPEAKER:** Okay. Shall we now go to the Ministry of the Presidency?

4.06

**THE MINISTER OF STATE FOR ECONOMIC MONITORING (OFFICE OF THE PRESIDENT) (Mr Kasirivu Atwooki)**: Madam Speaker, the issues that were raised by Members were mostly touching the Resident District Commissioners (RDCs) and their performance. The office of the RDCs has some handicaps because of transport. Members are aware that in some of the districts, the RDCs have got old vehicles. However, we are trying to get resources from the Ministry of Finance, Planning and Economic Development to see if we can buy new vehicles.

If we have to replace the entire fleet, we need something close to Shs 20 billion so that we can replace the fleet of vehicles for the RDCs. However, some of the RDCs who have got services of the vehicles have done some commendable job. I can cite a few examples. Recently, in Hoima District, the RDC made a very good trap of the thieves who were siphoning fuel from the vehicles that were working at the airport which is being constructed and they were apprehended. Therefore, that was a commendable job. Some of the RDCs who have made mistakes have been interdicted, others have been put on forced leave and disciplinary measures are being taken.

The issue of State House; there was concern that the President has been setting up units in State House which seemingly duplicate work of other ministries. Madam Speaker, you are aware that in the Executive, all the work that we do is a delegated function. The President can set up a team in State House to see whether it can work. He could amplify what has been done in State House to other ministries. Therefore, what is done in State House is not of any contention.

Members also raised the issue of Operation Wealth Creation (OWC). What I can report is that we are in the process of trying to make sure that we get a legal framework to see how OWC can be accommodated.

There was the issue of presidential pledges. We have been in touch and in discussion with the committee. We are requesting that the presidential pledges are enumerated and the amount of money that is required is secured so that it can be done away with. Otherwise, some of the pledges are pushed to the ministries, for them to implement.

Madam Speaker, I beg to submit.

**THE SPEAKER:** There was the issue of skilling programmes in Kampala but not in other parts of the country - shelters were constructed in Kampala but not in the other parts of the country. This has been going on for the last five years. We need answers on that.

4.09

**THE MINISTER OF STATE FOR LUWEERO TRIANGLE (Mr Dennis Galabuzi):** Madam Speaker, the issue of spreading that particular programme all over the country is being handled. We had a Cabinet meeting about two months ago and the President set up a sub-committee to look into that matter. I was chairing that committee; we finished the report and handed it over to the Cabinet and it was passed. Therefore, the President will, at any time, be travelling around the country. He put up a specific team to run that programme all over the country.

**MR ELIJAH OKUPA:** Thank you, Madam Speaker. I had expected the minister in charge of economic monitoring to also report. You know, there are these projects that Government should borrow money and they start but they are left halfway finished. I thought the minister would be able to respond and see if indeed, he is doing economic monitoring - how those projects can be completed such that we are able to get value out of those projects.

I will give an example; you remember, I think in either the Sixth or Seventh Parliament, when we passed a loan under the African Development Bank for the modern landing sites. There were supposed to be 29 of them, that is, to cover Lake Victoria, Lake Albert and Lake Kyoga. On parts of Kasilo, there was supposed to have been one project in Kagwara for that modern landing site. However, the project was not completed.

Five years down the road, I remember hon. Ruth Nankabirwa came there and she was very disappointed because she was called to commission it and she said, “I cannot commission such unfinished project.” I thought the minister in charge of economic monitoring would also be able to report on those and see how we can be able to complete such reports in order for us to get value for money and to improve our economy in the long run.

**THE SPEAKER:** I think there was a report under the ministry of agriculture.

**MR KASIRIVU:** Madam Speaker, there are quite many reports in my office that economic monitoring has made. However, usually we make them to the President because he is the consumer of our reports. I would like to say that we are finalising with the report on the African Development Bank fisheries project which has got facilities that got stalled in Gulu, Kajjansi and Bushenyi among others.

Our report even caused the Kilembe Mines TibetCompany - their concession was terminated and a good number of other programmes have been evaluated, analysed and reports made. Therefore, we have quite a lot that we can share with hon. Elijah Okupa.

**THE SPEAKER:** I do not know where the minister in charge of Teso is. I do not see her here. Okay, the Minister for the Presidency, can we hear from Kampala? *(Hon. Munyagwa rose\_)* Hon. Munyagwa, what is bothering you?

**MR MUNYAGWA:** It is a point of procedure, Madam Speaker.

**THE SPEAKER:** To who?

**MR MUNYAGWA:** The minister in charge of Kampala?

**THE SPEAKER:** She has not even spoken.

**MR MUNYAGWA:** Madam Speaker, we are encountered by a very big procedural defect. I would like to seek for your guidance at this point.

**THE SPEAKER:** The minister has not even said anything.

**MR MUNYAGWA:** Madam Speaker, it is important that you give your guidance before she speaks.

**THE SPEAKER:** What is the point of procedure?

**MR MUNYAGWA:** Madam Speaker, the procedure through which budget estimates and a policy statement can be brought to Parliament from Kampala Capital City Authority (KCCA), that procedure is clearly outlined in the KCCA Act.

**THE SPEAKER:** The what?

**MR MUNYAGWA:** The procedure through which budget estimates can be initiated from KCCA and be brought to Parliament by the line minister; that procedure is clearly outlined in the KCCA Act. However, we are faced by a serious procedural matter now. With me here, I have a letter from the KCCA Executive Director directing the minister in charge of Kampala to include budget estimates in the ministerial policy statement without having those estimates presented to the authority. The minister in charge of Kampala went ahead to include some of the estimates.

Therefore, I would like to ask; are we procedurally correct to continue and listen to the minister on matters regarding a policy statement which she illegally brought to this honourable House?

Madam Speaker, I beg to lay the letter on the Table. The letter is dated 11 May 2018 and it was addressed to the State Minister for Kampala and Metropolitan Affairs. Reference is “Emoluments for political leaders for Financial Year 2018/2019”. It is signed by Jennifer Semakula Musisi.

**THE SPEAKER:** What is the issue? What is the context of that letter?

**MR MUNYAGWA:** I will read only one paragraph because of time constraints. The letter goes like this: *“Whereas one of the options to include the revised salaries for political leaders was to review the activities in the initial proposed budget, the budget which was totaling to Shs 116.8 billion. We were unable to do that due to the criticality of the activities that had been proposed. We alternatively identify new sources of revenue and increase the budget”* - the Executive Director (ED) is increasing the budget - *“to Shs 126.8 billion and request Government to adjust our estimates to cover the approved provisions of salaries and also an addition of Shs 8 billion to cover litigation costs, hence an additional budget of Shs 10 billion.”* What is done here? The ED sat in her office and proposed an increment in the estimates without the input of the authority. What the minister did was to comply and accommodate the changes made by the ED without the input of the authority.

**THE SPEAKER:** Order Members! Who is the accounting officer of KCCA?

**MR MUNYAGWA:** Madam Speaker, it is the ED. This is a budget issue.

**THE SPEAKER:** Honourable members, I do not think we want Parliament to lift the veil and establish what happens in the committees of KCCA and in their council meetings; it is not our business here. The accounting officer brought a budget here and that is what we are dealing with.

4.18

**THE MINISTER OF STATE FOR KAMPALA CAPITAL CITY AUTHORITY (Ms Benny Namugwanya):** Thank you very much, Madam Speaker. A lot of issues were raised about Vote 122 - KCCA and I am going to try to go through these issues very quickly.

I would like to own the policy statement as it is because it is my document and whatever the honourable member read was just an administrative letter. Unfortunately, he is not privy to the response I made to that letter.

In the presentation here, there was an allegation that when I appeared before the committee, the ED was not there in person. I would like to put it on record that I led that delegation and the ED was with me. She even sat next to me.

I would also like to note that during the presentation of the report, about Shs 13.7 billion was recommended to be reallocated from the budget of KCCA to budgets of other vote. I would like to make the following comments:

Number one, we had put a provision of Shs 14.97 billion on solid waste management in the city. This was intended to keep our city clean. The committee decided that it should be slashed to Shs 12.8 billion. This is the exact amount which we will have spent by the end of this financial year. Why we decided to increase this from Shs 12.8 billion to Shs 14.9 billion is because we wanted to cater for an increment in wage of those women who sweep the road and the men that slash. They complained before me that the Shs 5,000 we are paying them per day is very little money. Some of them are mothers. When they are coming to sweep the streets of Kampala, they cannot come with their little children. They have to leave them at home with a caretaker, who is paid around Shs 500 per day.

Therefore, we decided that we are going to increase their wage by 20 per cent. When you hear 20 per cent, you might think that it is a lot of money, but it is an increment of Shs 1,000 from Shs 5,000 to Shs 6,000. That explains the increase on the budget line.

Secondly, as KCCA, under KIIDP I and II we have increased the roads we have tarmacked in the city. Wherever we tarmac a road, it increases our budget of maintaining that road. You have to sweep it – *(Hon. Munyagwa rose\_)*

**THE SPEAKER:** Hon. Member, please, you had an opportunity to contribute to this debate and you did. Hon. Munyagwa, wait.

**MS NAMUGWANYA:** Madam Speaker, when we get more kilometres of road that are made, we have to sweep them, de-silt the drainage channels and all the attendant costs.

Madam Speaker, allow me to make this clear. Colleagues here are aware that managing solid waste in the city is one of the biggest challenges we have. Sometime back, as the city leadership, we decided that we privatise this and get concessionaires. We were able to get concessionaires to cater for some parts of the division. We zoned the city into seven zones. Four of those zones were given out to concessionaires and the rest have not yet been given out. This explains why we are still collecting waste in some parts of the city and we use a fleet of very old vehicles – *(Hon. Kasibante rose\_)*

**THE SPEAKER:** Honourable members, why don’t you allow the minister to respond? *(Interjections)* Are you not listening?

**MR KASIBANTE:** Thank you very much, Madam Speaker. Honourable minister, when we talk of solid waste management, it is a very serious and sensitive issue. Reducing it down to sweeping roads is a very serious matter.

We raised two fundamental issues over solid waste management last week, one of which was that the concessions that were made can only be operation licenses to private companies. Otherwise, the Local Governments Act which is applicable in this case creates a property rates fund from which money to cater for solid waste management must be got. Subjecting the people of Kampala to paying for garbage collection is a double levy because they have already paid property rates and the funds must be constituted out of the same in accordance with the law to cater for that.

The issue that I wanted the minister to clarify is that taxpayers in Kampala have already contributed. What these private companies do is to go and levy some fee for them to collect garbage from the same people. That is not applicable. It is not in line with any law. It is illegal. Zoning Kampala –

**THE SPEAKER:** Are you now making a contribution?

**MR KASIBANTE:** No, it was just an opinion but I was seeking some clarification on that –

**THE SPEAKER:** This is not time for opinions.

**MR KASIBANTE:** I am sure the minister has understood that I am seeking clarification on which law is applicable in this case.

**THE SPEAKER:** I know she understands.

**MS NAMUGWANYA:** Madam Speaker, if I can explain: We have a city ordinance which caters for waste management in the city. That ordinance is of 2016. You can go and read it. It states that the burden and cost of cleaning lies with the polluter. I would like to request my honourable colleague to go, read it and revise it. When I came to the city as a minister – *(Interjections)* - Madam Speaker, I request for protection.

**THE SPEAKER:** Honourable member, allow the rest of us to hear.

**MR SSEGGONA:** I obviously have immense respect for my sister, the minister. You see, when reference is made to the Local Governments Act and somebody makes reference to the ordinance and assumes that every person in Kampala who contributes to garbage collection is a polluter, it is a serious statement. Is she in order?

**THE SPEAKER:** Honourable minister, maybe you could define “polluter” because I do not know whether the garbage which is in my house is pollution. *(Laughter)* I pay for its collection.

**MS NAMUGWANYA:** Thank you very much, Madam Speaker. The ordinance which I read defines it – that whoever produces waste is a polluter. Unless we revise the interpretation in that ordinance, it remains “polluter”. This ordinance was passed by Kampala City Council (KCC) in 2006 -

**THE SPEAKER:** I think what the Members are asking is; what supersedes the other? Is it the Local Government Act or the ordinance? Which law takes precedence?

**MS NAMUGWANYA:** Madam Speaker, that is where we got that mandate to make the polluters, as explained by that ordinance, to pay. If need be, I will communicate this to His Worship, the Lord Mayor. Since the ordinance was made by the Authority’s council, we shall let them know and we either repeal or amend it to make sure that it is in tandem with the other superior laws *–(Interruption)*

**MR SSEWANYANA:** Thank you, Madam Speaker. The minister is referring to Kampala Capital City Authority of which I was a member. There is no time in Kampala – at least in the last six years – where I heard of any resolution or ordinance being discussed *–(Interjection)-* I am helping you on this – where Kampala decided to hand over garbage collection to different companies in contracts.

It is the minister’s collaboration with the Executive Director that they are deciding the fees for collection, the mode of collection and everything, including the companies to collect. Never at any one time has the Authority, in the last four or five years, been consulted over this. This action of handing over garbage collection to the private companies, especially outside Kampala Central Division, started when I was a councillor by the Executive Director disguising herself as the Authority and deciding each and everything. That is how we got this problem.

Up to now, the office bearers at Kampala Capital City Authority are still complaining over the same issue. The minister is here telling Parliament that she got all those powers from Kampala Capital City Authority. I do not think the minister is telling the truth. Can you, please, clarify? From whose resolution did you get such an order that you are enforcing? Thank you.

**MR KASIBANTE:** Madam Speaker, what I would like the minster to clarify is that the obligation of the people of Kampala is to make sure that garbage that they produce reaches the nearest disposal unit. Those who cannot do it by themselves can get the contractors to do it for them. Those who can take garbage to the skips, for example, do not need to contract any other person.

What is happening in and around Kampala is that the so-called private companies even go to the extent or arresting and detaining residents for non-payment, even before contracting them. What I would like the minister to clarify is whether these concessions were not licences for these companies to operate in particular zones. A resident of Lungujja or Nakulabye who pays rent of Shs 20,000 is now made to pay Shs 40,000 for garbage. A person who can only afford rent of Shs 20,000 is now paying garbage collection fees of Shs 40,000! I have evidence of letters that have been written by these companies to residents, threatening to arrest them for non-payment.

What kind of concession is it that gives me an obligation before I need it – that if I have everything it takes to collect garbage, I can still be made to pay and if I do not pay; I can be arrested by a private company? Minister, you need to clarify that.

**MS NAMUGWANYA:** Thank you very much, Madam Speaker. The memoranda of understanding for the concessions which are running were signed in 2014. We found those memoranda running and they are ending next year *– (Interjections) -* in due course, a lot of issues have been raised. We have tried to review them. We have visited the various divisions and engaged the various stakeholders to see how best we can clean the city *– (Interruption)*

**MS OGWAL:** Madam Speaker, for record purposes –

**THE SPEAKER:** Kampala in Dokolo. *(Laughter)*

**MS OGWAL:** I live in Kampala and I am very interested in what happens in Kampala. For record purposes, as a long serving member of the Budget Committee, I wish to put on record some of the anomalies, which have been raised on the Floor of Parliament. In financial year 2016/2017 – for those who have this book, it is on page 15 – under Kampala Central Division *–(Interjection)-* you are asking me: “Which book?” If you are not conversant with this book, then you are not appropriately here. *(Laughter)*

Madam Speaker, in the KCCA ministerial policy statement for financial year 2016/2017, on page 15, under Kampala Central Division, there are roads which have been cited and I would like to read them for record purposes. There is a road called “Archer Road”. The length is 0.75km and the money was given. There was Mengo Hill Road and the length was 0.75km. Others were Nakivubo Channel Road, Mpabaana Road, Luzige Road, Mutebi Road and Semugooma Road. For all of them, the money came to about Shs 7.5 billion. That was for financial year 2016/2017.

In the following financial year 2017/2018, Under Central Division, again, we had the same roads and the same amounts – Jakana (0.65km), Kafeero, Nsooba, Lumansi - they were the same roads and the same amount was given under the same budget. In this current budget which we are debating, under Central Division, we have the same roads and the same amount has been given.

Madam Speaker, for the purpose of clarification, I think it is very important. The latest is on page 17. It is important that Parliament gets an explanation. In financial year 2016/2017, we gave you money but you came back the following year requesting for the same amount for the same road yet no work has been done. You have again come back for the third time to request money for the same road and same amount when you have not accounted for this money for three years.

Madam Speaker, for record purposes, we need an explanation. *(Applause)*

**MS NAMAYANJA:** Thank you very much, Madam Speaker. We have the National Environment Act, which criminalises polluters. I do not think Kampala Capital City Authority (KCCA) has prosecuted anybody for polluting the environment. The minister should come up and tell us what KCCA is doing about this.

In 2006, the ordinance you are talking about was discussed conclusively and approved by the council; and Nabugabo Up-Deal was given the responsibility of collecting garbage. Today, the people who are collecting garbage have not been awarded these contracts through the council. I would like to know, who takes these decisions? Why doesn’t KCCA respect the Authority to take decisions and leave the Executive Director to decide for the entire city?

**THE SPEAKER:** No more clarifications. Allow the minister to respond.

**MS NAMUGWANYA:** Thank you, Madam Speaker. As I said, the memoranda of the contracts, which are being implemented today, were signed in 2014. This House is aware what happened during that time and this is what we are trying to put right. We are working with the council to make sure that we streamline the management of the city including solid waste, which we are grappling with.

Now, on the issue of the former Deputy Lord Mayor -*(Interjections)-* I am coming to -

**THE SPEAKER:** Honourable members, why don’t you allow the minister to complete her responses?

**MS NAMUGWANYA:** Thank you very much, Madam Speaker. On the issue of how the contracts were handled, I would like to request this House to allow us, as the ministry, to look into this issue further because as the former Deputy Lord Mayor said, the contract was given to Nabugabo Up-Deal. It is true but right now, there are three concessionaires and Nabugabo Up-Deal is one of them.

However, when they started doing work, there was a court suit and these other small collectors who had not gone through sued and court ruled in their favour and so, allowed them to collect. Therefore, there is a mixture in the concessionaires and some other groups.

As managers of the city, we are concerned about the way the concessionaires are behaving. When I appeared before the committee, honourable colleagues told me that they have evidence of having paid between Shs 50,000 and Shs 70,000 a month, for collecting their waste. I promised to work with them and they too promised to give me copies of their receipts. I would like to promise this House that we shall make a follow-up and inform council so that we can come up with the best solution for the people of Kampala.

Madam Speaker, allow me to comment on the issue of Shs 9.7 billion, which appears in our budget. This money is meant for payment of arrears for Pay-as-You-Earn (PAYE). We all know that PAYE is a statutory payment, which is supposed to be paid at the same time or deflected at the time when paying salaries.

Madam Speaker, when you look at the way salaries are paid in KCCA, some money comes from the Consolidated Fund and other monies are got from other sources. In the course of last financial year, we had issues of Non Tax Revenue (NTR). These issues came up as a result of refusal to pay by tax operators and buses. We could not realise all the money we wanted to pay. Even before that, there were some arrears in PAYE, which were not paid.

There are some communications between the Minister of Kampala Capital City Authority and Minister of Finance, Planning and Economic Development when the Executive Director indicated that she was unable to pay. The Ministry of Finance, Planning and Economic Development advised her to use some money, which had been appropriated to pay salaries for health workers in Kiruddu General Hospital and Kawempe because the recruitment had not yet been done. They did this in consultation with the Health Service Commission. After agreeing on this, it could not still raise enough money. I would like to quote this letter for the Permanent Secretary and Secretary to the Treasury (PS/ST), which guided the Executive Director. It reads “You are advised to prioritise the balance in financial year 2018/2019 –

Let me read it verbatim. He said, *“You may proceed and adjust your work plans to offset the outstanding PAYE obligation. In addition, you are advised to prioritise the balance in the financial year 2018/2019, given that PAYE just like any other tax and wage obligation should take first call on the Authority’s resources*.”

Madam Speaker, the letter I am reading was signed by Keith Muhakanizi, PS/ST and addressed to the Executive Director -*(Interjections)-* I am giving you information *-*

**THE SPEAKER:** Which rule are you basing on?

**MR MUNYAGWA:** I am basing on our Rules of Procedure.

**THE SPEAKER:** Which rule has the minister offended?

**MR MUNYAGWA:** Rule 117. *(Laughter)*

**THE SPEAKER:** Rule 117 talks about Certificate of Financial Implication. *(Laughter)*

**MS NAMUGWANYA:** Thank you very much, Madam Speaker, for your wise ruling. Allow me to add that the committee recommended that Shs 2.6 billion should be got from vote 122 in order to support our ministry to operationalise it.

Madam Speaker, in the discussion, we had recommended that Shs 2 billion be used to meet the salary enhancement of the councillors of KCCA because it was a commitment, which was made in the current financial year and this Parliament appropriated that money. However, due to failure to raise enough revenue, we did not implement it. Therefore, we would like to implement it in the next financial year and we recommend that the two billion shillings be moved from corporate services to political governance.

Madam Speaker, allow me to also indicate that there is money to a tune of Shs 500 million. This money is budgeted by Kampala Capital City Authority (KCCA) as seed capital for the teachers’ and health workers’ SACCOs. The committee had recommended that this money be reallocated. However, I would like to indicate to you and Members in the House that:

1. The cost of living in Kampala is very high
2. Other public servants in Kampala get bigger salaries but the teachers and health workers do not get any top up.

When the Authority sat and tried to propose a Shs 50,000 allowance for every teacher, it would translate into Shs 708 million per financial year. Therefore, the Authority decided that they get Shs 500 million and put it as seed capital to the SACCOs of the teachers and the health workers. I would like to request that we leave that money there because it helps to motivate our teachers and health workers and also help them to live comfortably in Kampala.

There is also an issue about the subvention to Uganda Railways Corporation (URC). When we came to this ministry, we found an arrangement between Ministry of Finance, Planning and Economic Development, Ministry of Works and Transport and URC; where the finance ministry gives a subvention to Uganda Railways Corporation.

However, this money is voted under KCCA, which passes it over to Uganda Railways Corporation. The committee recommends that this money, which is Shs 220 million, be removed. However, I think the finance ministry can talk about this best when I am done because they know the arrangement between the three bodies.

Lastly, there was also money for registration of boda bodas in the city. As you indicated, we were quoted yesterday in the papers on the need to organise boda boda operations in Kampala and the country at large. Boda bodas have become a menace in this city. They have been infiltrated. There are so many criminals using boda bodas and we feel it is now time for us to organise them.

It is so sad and so bad that the American Embassy and its sister organisations made a regulation for all their employees to never use boda bodas again. It is that bad. Boda bodas are scaring away tourists and other visitors from Kampala and we feel we should organise them.

The way we are organising them, first of all, is we want to register them biometrically by using National Identification and Registration Authority (NIRA) equipment. We would like to train them and this process involves training of the enumerators and training of the boda boda riders themselves; buying stationery; getting allowances and so many other things.

Therefore, I would like to request that given the problem we are facing with the boda bodas, we do not reallocate this money but leave it there for that purpose. With that, I would like to thank colleagues who have contributed to this and I thank you, Madam Speaker, for listening to me.

**THE SPEAKER:** Honourable members, the debate was concluded last Thursday. All we were doing was getting responses. Minister, would you like to say something about the money for the railways?

4.50

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker and honourable colleagues, as the minister has stated, we have a Memorandum of Understanding (MOU) between URC, KCCA and ourselves to treat it as a subvention, to particularly handle the issue of this train, popularly known as *kayoola* that moves people around Kampala. That is how we are handling it.

**THE SPEAKER:** Honourable minister, the only issue you did not handle is the money which has been voted for the same roads for the three financial years.

**MS NAMUGWANYA:** Madam Speaker, I am sorry about that because it is very important. The roads hon. Cecilia Ogwal is quoting are roads under Kampala Institutional and Infrastructure Development Project (KIIDP). Some of them were in KIIDP 1 and they are on KIIDP 2 now. When you look at our accountabilities, I would request this House to allow me to produce a detailed accountability on which money we spent on which road and during which period.

At times, we are delayed by the procurement, especially when we cannot pay for compensation. When we cannot pay for compensation, the works cannot start and that money is rolled over and over again. I would like to beg that this House allows me to bring a detailed report and show you which project we are rolling out; from where to where; with what amount of money and the reason we are doing so.

**THE SPEAKER:** Honourable members, I think it is important that we get the right information about this issue. Therefore, the minister will bring the breakdown of what has been achieved and what has not so that we can discuss it. It is important. Does the chairperson have anything more?

**MR LUBOGO:** Thank you very much, Madam Speaker. I rise on a procedural issue. A statement has been made in this House by the Leader of Government Business, Gen. Moses Ali and he was referring to a contract that Government procured with some experts to draw a plan for a special programme for Busoga.

He stated that copies of the draft were given to the Members from the Busoga region. I have never seen a copy and I have talked to my colleagues and they too have not received any copy of the draft he is referring to. Indeed, he is saying Government is going to sit and conclude and come up with the final plan.

Therefore, is it procedurally right for the Prime Minister to make such a statement which concerns our constituencies and region when the copies have never been given to us? Wouldn’t it be procedurally right to direct that those copies be supplied to us immediately since they are ready so that we can have some input in what Government is actually trying to plan for the region? Thank you, Madam Speaker.

4.54

**THE MINISTER OF STATE FOR KARAMOJA AFFAIRS (Mr Moses Kizige):** Madam Speaker, the draft report of the consultants was given to Busoga Parliamentary Group in a meeting which I attended. Busoga Parliamentary Group set up a team to look at the report and I was tasked to chair the team. The team has since reported back to the Prime Minister’s Office and that is the progress the Leader of Government Business was reporting on.

I am surprised that a Member of Busoga Parliamentary Group can come up with the matter on the Floor here. He knows exactly what is happening. The team was set up and it has reported back.

**THE SPEAKER:** So, the team reported to the Prime Minister?

**MR KIZIGE:** Yes, Madam Speaker.

**THE SPEAKER:** Did you report back to the group? Prime Minister that issue concerns ten districts. The Members of Busoga would want to see that report. Please send us the report, draft or otherwise. Thank you.

4.55

**THE FIRST DEPUTY PRIME MINISTER AND DEPUTY LEADER OF GOVERNMENT BUSINESS (Gen (Rtd) Moses Ali):** That is why, Madam Speaker, I say it is important that I read a written statement. If you allow me, I could read again so that those who missed it at the time can get me. However, having heard from the minister from the Office of the Prime Minister, I said it here that the report has come back to OPM. It is waiting to be taken to top management and after, it will be taken to the Cabinet for endorsement. That is what we said. So, if again I was misunderstood, then it is not my fault. (*Laughter*)

4.56

**THE CHAIRPERSON, COMMITTEE ON PRESIDENTIAL AFFAIRS (Ms Jesca Ababiku):** Thank you, Madam Speaker. I give respect to all my seniors but for now, we are not retracting any of the recommendations.

Madam Speaker, I would like to start with the issue of Luweero-Rwenzori. We have our evidence and we used different relevant documents. One of the documents we used was the certificate of compliance for the Annual Budget of the financial year 2017/2018 which was laid here by the Minister of Finance, Planning and Economic Development. I would like to say it was copied to various stakeholders including the Office of the Prime Minister. I would like to lay here a copy for reference.

However, allow me read that statement over which we based our concerns. It is on page 14. *“The Development Budget overestimates the magnitude of public investment as some projects in the annual budget are recurrent in nature. Several projects implemented by some MDAs are of an operational nature rather than focusing on capital and infrastructure development. For example, Luweero-Rwenzori Triangle, the project is 13 times greater than the development budget; that is Shs 2.57 billion and it has a recurrent budget of Shs 33.4 billion”.*

Madam Speaker, we wrote back to OPM and this is their response. “*The poor budget performance was attributed to the severe budget shortfalls. In the releases of the performers on the Government of Uganda development budget for financial year 2016/2017; out of the expected Shs 64 billion, only Shs 36 billion was released. The recurrent budget for Luweero is meant for payment of civilian veterans”.*

Madam Speaker, we recognise and support the payment of civilians but do they form the major component of the development of Luweero-Rwenzori? Why doesn’t Government put other money aside to implement the development plan? Has this “*Akasimo”* developed Luweero-Rwenzori for all these years? Are we accountable to the people? (*Applause*) We are only asking this Government, as we appreciate the people of Luweero-Rwenzori who were there in the struggle, to also give them money to develop.

So, based on this evidence, this was their response. They did not tell us that they will allocate money for the development budget for Luweero-Rwenzori in this financial year.

Madam Speaker, I beg to lay. (*Applause*)

Madam Speaker, on the issues of KCCA, we are not retracting our recommendations either.

On the issue of Uganda Railways Services, we only said “take it to the Ministry of Works and Transport”. It is our committee to do oversight but we are also not competent. They admitted in our meetings that they do not have the capacity. The minister is here - why doesn’t the money go to the Ministry of Works and Transport who have the capacity to do value assessment of the money that goes for that project?

Even in 2015, court halted this service and management of the Rift Valley Railways became a problem. We asked the Ministry of Kampala and hon. Namugwanya was there; she said, “We cannot manage it” and that is why we recommended it goes-

For the SACCOs -

**THE SPEAKER:** What is that money supposed to do? Do they buy fuel for the train or use it to pay the workers?

**MS ABABIKU:** They said that money is supposed to be used for management of this service but they are only a conduit and the money should go through them. We do not know what their interest is for allowing this money to go through them. (*Laughter*) Why doesn’t it go through the Ministry of Works and Transport? That is where we are pulling ropes.

Madam Speaker, on the issue of SACCOs, they have already, for the two financial years, given Shs 250 million for these two SACCOs. They also reported that these people have grown to a capacity of Shs 2 billion when we have other priorities including the physical planning. Why do we keep donating? (*Applause*) We said if they would like to keep donating, let them take it to State House because this same committee handles donations under State House. We are doing this in good faith. (*Applause*) Already Shs 250 million went to the same people and we are halting only the Shs 540 million that they would like to send.

Madam Speaker, on the issue which my friend, hon. Namugwanya, raised on the solid waste management, we were very careful. They wanted Shs 14 billion and we said we cannot give them Shs 14 billion because some of the services are tendered out. They said that they are retaining them at Shs 12.8 billion and we removed only Shs 2 billion. Even beyond that, when they emphasised the issue of the casual workers, protective gears and so forth, this is what we have in their own policy statement.

Madam Speaker, on page 50 of this Ministerial Policy Statement, which my minister owned, we still have Shs 8.39 billion for casual labourers and cleaners.

Madam Speaker, on page 51, we still have Shs 955 million for civil works maintenance including public toilets. Why am I reading that? It is because they emphasised public toilets.

Madam Speaker, on the same page, they take Shs 300 million for protective gears and equipment. On the same page, for maintenance of the Kitezi land field and trucks for garbage, we gave Shs 5.2 million. This is specifically for the maintenance of the trucks and also -(*Interjections*) – No, let me proceed.

Madam Speaker, this information is in this book and it is specifically Shs 5.2 million. I would like to remind this House that some of the services are tendered out.

Under the Shs 9 billion meant for Pay-As-You-Earn (PAYE), I would have loved that the minister stated that investigations be done. Why did you fail to remit to URA? Pay-as-You-Earn is supposed to be paid instantly *-(Applause)*

We have been Members of that committee for a while and we have never been availed this information prior to this. Furthermore, my good friend did not read the entire letter that was given by the permanent secretary of finance. The letter was clear *“you can reallocate the Shs 9 billion but on condition that you consult with the Health Service Commission” –* that is the condition for reallocation.

I have the letter you talked about. It is here, I have my copy. Let me read it verbatim - the same letter she referred to. She left out that paragraph. Let me read, it is dated 19 January 2018 - she is my good friend. She gave me a copy of this letter and I am grateful.

The paragraph she skipped states: “*You may proceed and adjust your work plans to offset the outstanding Pay-as-you-Earn obligations. However, this will be done in consultation with the Health Service Commission regarding the positions to be filled in the financial year 2017/2018 and the anticipated timeframe for recruitment*.”

Madam Speaker, as a committee, we were not availed any evidence that that consultation was done. Therefore, we could not commit this House. However, we did not touch salaries; we were expecting that if there were outstanding arrears - and from this document, it is beyond Shs 9 billion. It should have been provided for as a first call and Government commits itself to clear it.

The details of their salaries are on page 94 where we have Shs 57 billion. We did not touch salaries or wages. Therefore, I do not want to take much time - for roads, we felt we provided enough. For the last financial year, it was less than Shs 200 billion, now we have given Shs 250 billion and the details are on page 5 of this ministerial policy statement.

With this, Madam Speaker, I am grateful to your office. You were so patient with us but we also request that KCCA should learn from experience because they delayed us so much as they took time to do their internal consultations and harmonisation. That is why we came last; next time, we shall do it better. To our colleagues, where we have not addressed other issues, we shall do better next time. Thank you very much. *(Applause)*

**THE SPEAKER:** Thank you very much. Honourable members, I put the question that the question be put?

*(Question put and agreed to.)*

**THE SPEAKER:** I not put the question that the report be adopted.

*(Question put and agreed to.)*

*Report adopted.*

**THE SPEAKER:** Although we have finished that report, Prime Minister, arising from the interventions on the Floor, there are serious problems in KCCA. I do not know whether the Government will look at them but they need to be addressed. It is clear that some things are not going right. Therefore, please help the minister and sort them out.

**GEN. (RTD) MOSES ALI:** Most obliged, Madam Speaker.

BILLS

SECOND READING

THE TAX APPEALS TRIBUNALS (AMENDMENT) BILL, 2018

5.10

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker and honourable colleagues, I beg to move that the Bill entitled *“The Tax Appeals Tribunals (Amendment) Bill, 2018”* be read for the second time.

**THE SPEAKER:** Has the Bill been seconded. Okay several Members have seconded. Justify before the report comes. Why do you want this Bill to be read for the second time?

**MR BAHATI:** Madam Speaker, and colleagues, the object of the Bill is to amend the Tax Appeals Tribunal Act Cap 345 to provide for mediation as a mechanism for resolution of tax disputes, and also to provide for the powers of the registrar to handle some applications and empower the tribunals in some instances to award damages and interests and handle other issues related to tax tribunals. Therefore, the purpose of this Bill is basically to provide a mechanism to handle tax disputes in the country. I beg to move.

5.12

**THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Henry Musasizi):** Thank you, Madam Speaker. The committee on Finance, Planning and Economic Development considered the Bill entitled *“The Tax Appeals Tribunal (Amendment) Bill, 2018”* and we are ready to report back.

This file contains the original report of the committee on the Bill and also the minutes of the committee meetings that sat to consider the report. I beg to lay at the Table this file.

I beg to straight away go to the observations

1. The Bill is intended to provide for mediation as it is done in the courts of law. Mediation allows to foster a more amicable resolution of disputes. Under the current law, it is not possible for the tribunal to refer disputes for mediation.
2. Currently, under the Tax Appeals Tribunal Act, the Tribunal has no powers to award damages to successful parties. For a successful taxpayer to get damages, he/she has to file a fresh suit in the High Court for that purpose. However, allowing the tribunal to engage in awarding damages will divert the tribunal from its core function of adjudicating tax disputes. Any applicant who wants damages should file a suit in the High Court to enable the tribunal concentrate on adjudicating tax disputes.
3. The Bill will enable the Registrar to discharge judicial powers like taxing costs and handling interim orders. The Tax Appeals Tribunal Act is silent on the judicial responsibilities of the Registrar. The powers of the Registrar are only provided for by the regulations which may be challenged in future since the parent Act does not confer such duties.

Madam Speaker, the committee recommends that:

1. The Tax Appeals Tribunal should only handle tax disputes and leave matters of awarding costs and damages to the High Court.
2. The Tax Appeals Tribunal (Amendment) Bill, 20l8 be passed into law subject to the proposed amendments.

I beg to move Madam Speaker.

**THE SPEAKER:** Okay. Honourable members, the report has been signed by the necessary minimum number of members. Any comments?

5.16

**MR SILAS AOGON (Independent, Kumi Municipality, Kumi):** Thank you, so much, Madam Speaker. I would love to concur with the chairperson on the issue of letting the High Court handle issues of valuation for damages and costs.

However, I have an observation to make in the sense that most often, the courts are so busy for us. The Tax Appeals Tribunal does its work but the High Court takes such a long time to pass a judgement. Unless the chairperson has information to the contrary to ensure speedy delivery of judgment as to what somebody is entitled to – that is the concern.

The other issue I would like to raise is: I have a complaint in my constituency - I host one of the most critical health service units - Kumi Orthopaedic Centre.

There is a lot of taxation going on upon businesses that are coming up there. With time, we should bring on board such investments, which are being crippled at the initial stages. I beg to submit.

**THE SPEAKER:** Honourable chairman, I want to know: if I am a judge in the tribunal, I can only pass a judgement but not talk about the entitlement to costs?

**MR MUSASIZI:** The intention here is to separate duties. There is a risk that at the tribunal, someone will complete the process and try – okay, let me say that we are trying to prevent the risks of fraud at the tribunal.

**THE SPEAKER:** No, Mr Chairman, if I am a judge at the tribunal can’t I pronounce that a person’s appeal has been successful and that they are entitled to costs? I shouldn’t say that really?

**MR BAHATI:** Madam Chairperson, I would like to add that the decisions of the tribunal are also appealable and the intention is to resolve this dispute at that level. Therefore, if awarding damages can resolve these issues at this level; I mean in the tribunal but appealable at a higher level and the tribunal has powers of a court –*(Interruption)*

**MR SSEGGONA:** Madam Speaker, the chairperson of this tribunal is qualified to be a Judge of the High Court. In substance, therefore, this person is a judge. Two, what this person is determining is a tax related dispute. So, how do you want somebody to make a decision on the tax liability or otherwise but they cannot make consequential orders to compensate someone for suffering damage? It is a finding of fault. For example, under the Constitution 126 (2) (c), *“all victims of wrongs are entitled to compensation.”*

A statutory body has established that wrong has been committed but you do not want the same Government body to make an order as to compensation; then what kind of process are you talking about? Is it a dual process where one has to go through another lengthy process of proving damages? Actually it is not even about proving damages because by winning a tax distribute, I have proved you wrong; then the only thing you are going to ask the High Court Judge or Magistrate depending on the damages is to prove quantum and I do not think that this Parliament should be tempted into making such a law.

**THE SPEAKER:** But it also means that I cannot pay for costs in my application to court.

5.21

**MR KENNETH LUBOGO (NRM, Bulamogi County, Kaliro):** Thank you very much, Madam Speaker. I would like to concur with you as I disagree with the committee. I think it did not make sufficient research on this because it is not a new thing that a tribunal can award costs to a party. I do not know why you are saying that you would not like to bog them with issues of computing costs. This is a small part of the issue. They will have determined the matter between the parties and so, deciding on how much somebody should be awarded is a small component, which is a conclusion of the whole matter. Like it has been said by the finance minister, whoever is dissatisfied by the costs awarded can appeal.

I think we are not legislating rightly by saying that we should separate the award of costs from the hearing and determination of the matter. We have to put it back as it was in the original Bill. Thank you, very much.

5.22

**MR WILFRED NIWAGABA (Independent, Ndorwa County East, Kabale):** Thank you, Madam Speaker. For the first time, I will fully concur with the mover of the Bill and pray that let it be passed without any amendments.

The question of damages - damages are categorised and one of them is called special damages and it could be the exact amount that is involved in a tax dispute either by URA claiming the amount from a tax payer in terms of special damages or by maybe a taxpayer seeking a refund in terms of special damages.

If you make a law and remove jurisdiction of tribunals from awarding damages be they special or otherwise, then you may as well say that there should be no tribunals. Otherwise, what are they going to determine, if it is not a question of damages?

Secondly, these tribunals exercise what we call quasi-judicial functions and anybody that exercises such functions has some discretion to award general damages. Of course I can see the sense of the chairperson to avoid fraud but if any of the parties to the tax dispute is dissatisfied with the award of the special or general damages, they can still appeal against that award. If I am representing a litigant in a tax appeals tribunal and I am I have won, why shouldn’t I be paid my costs?

Therefore, I would like to invite my brother, the chairperson of the committee, to withdraw the proposed amendment. This particular Bill is in good faith; it allows the tribunal to finish tax disputes as fast as possible - the parties get satisfied and whoever is dissatisfied appeals. Other than referring the issue of costs and damages to a high court to determine, with the backlog we have in our judicial system. So, I pray and invite Members to support the mover of the Bill as it is in its entirety.

**THE SPEAKER:** Honourable members, this is an affront to the right of access to justice. If you tell me to first go to one court for a judgment and then start all over again, when will I get justice?

No, hon. Nandala, please take your seat. You are a member of the committee and we shall not start allowing members of the committees to submit views. Our Rules of Procedure are clear; this report isfor all of you; so, give us the opportunity to speak.

5.26

**MR PAUL MWIRU (FDC, Jinja Municipality East, Jinja):** Thank you, Madam Speaker. I also rise to oppose the committee report. As hon. Niwagaba said that course follows the events, Uganda Revenue Authority (URA) normally raises these assessments to people. And if we are going to allow URA to raise them without any bar, when people have had to go through the Tax Appeals Tribunal to get justice, I am of the considered opinion that we support the Bill in this form; so that whenever these excessive assessments are raised and they have had to be challenged through a tribunal, then there must be costs, which should arise out of that process. That way, even URA will do some research before they make these assessments. I beg to move.

**THE SPEAKER:** Chairperson, are you still insisting on your amendments? Please withdraw it so that we can move.

**MR MUSASIZI:** Thank you, Madam Speaker. We take note of the reasoning of our colleagues in this House and therefore we would like to withdraw our proposed amendments.

**THE SPEAKER:** Honourable members, I put the question that the Tax Appeals Tribunal (Amendment) Bill be read for the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE TAX APPEALS TRIBUNALS (AMENDMENT) BILL, 2018

**THE CHAIRPERSON:** Honourable members, I put the question that clause 1 do stand part of the Bill.

*(Question put and agreed to.)*

*Clause 1, agreed to.*

*Clause 2, agreed to.*

Clause 3

**THE CHAIRPERSON:** Honourable members, I put the question that clause 3 do stand part of the Bill.

**MR KAKOOZA:** Madam Chairperson, Clause 3 is amending the Principal Act, which amended by inserting sub-section (V) and it reads: *“A tribunal may make an order as to damages, interest or any other remedy against any party and the order shall be enforceable in the same manner as an order of the High Court.”*

I am finding it very interesting because when you go to a tribunal, you are disagreeing with the tax assessment, which is made by URA. If the judge says, “I am awarding you a cost,” then you leave a room for magistrates to connive with these other people who have gone to court to collude and rip URA with any amount of money - that is why I think, it should be deleted and left as it is in the Principal Act.

**THE CHAIRPERSON:** What does the Principal Act say?

**MR KAKOOZA:** The Principal Act states that once a person has won the assessment, because they have disagreed with what URA has assessed, and they have a case, such a person should pay what is assessed and what is correct depending on the value of the goods they have seen.

However, when you continue to calculate the interest and damages by URA, which is ordered to implement the law, you are leaving room for connivance for these to rip off the money from the coffers of Government. Therefore, I think that we should leave it as the Principal Act states andthat (vi) should be deleted.

**THE CHAIRPERSON:** Now, one is talking about costs while the other talks about damages and interest. These are two different things; damages are awarded for the injuries suffered.

**MR KAKOOZA:** Madam Speaker, if I am assessed, I may go to the tribunal because I have not agreed with what was assessed by URA – *(Interruption)*

**MR NANDALA-MAFABI:** Madam Chair, if you know an assessment, URA will always put interest. The law states that when they raise an assessment and one delays to pay, then such people must pay with interest.

The reason some of us are having a problem with this is that, for example, URA may win the case but it has already charged interest on the assessment. Will you then pay interest twice since there is already interest on the assessment?

The interest on damages will only be applicable to a taxpayer. For example, if he has paid his money, which he wants out but URA is using it - of course Government is fond of not paying interest - then that is when the court may rule that you should have paid –*(Interruption)*

**MR NIWAGABA:** Thank you, Mr Nandala-Mafabi. When you look at the wording of the clause, you realise that it says, “A tribunal may...” which means it is not mandatory that it may award interest. Therefore, if it is going to award interest, for example, in favour of URA, it will take into consideration the fact that either URA has already charged interest on the outstanding tax claimed or not.

But also, if it is to award it to the taxpayer, it will also take into consideration other factors including how long this money has been with URA and so on. To me, this is a very friendly clause for both the taxpayer and URA.

**THE CHAIRPERSON:** Honourable members, if a taxpayer has suffered injury from URA, you really want to just go home after spending five years waiting for a judgment? Do you want someone to just go away without benefit?

**MR KAKOOZA:** Madam Chairperson, the reason a taxpayer may go to a Tax Tribunal could be that they have been assessed with an interest they do not agree with. Whatever the taxpayer is trying with the spirit of going to the Tax Tribunal is to say, “You have assessed me with what is not worth for me to pay.” It is not URA that goes to the Tax Tribunal – it is -

**THE CHAIRPERSON:** Honourable members, I think you are aware that in certain instances you are asked to deposit the money while you are in court. So, the tax payer should sit with their money without doing anything?

**MR KAKOOZA:** That is why a Tax Tribunal was set in a spirit that URA dictates terms on a taxpayer where a taxpayer does not agree. The only reason one goes to a Tax Tribunal is because they have got assessments, which they think are not correct including the interest calculated. Therefore, one goes to the Tax Tribunal to say, “The value of goods they are assessing is not worth such and such amount” and the interest is already there.

Therefore, the moment you do that and leave a Magistrate to say that the person who wins a case against URA is supposed to pay the value of the goods they would have paid including the interest - when they award you more, it means you are colluding against URA, which is the collector -

**THE CHAIRPERSON:** No, honourbale members, the Judge will award costs depending on the prayers and the evidence.

**MR SSEGONA:** Madam Chair, the information I would like to give to my colleagues is that we have two situations, which give rise to disputes. One of the situations could be that URA has made an assessment and actually collected the amount. There is another situation where URA will make an assessment but does not collect.

The tribunal, in this clause, is required to assess the facts and the law. That is why they are talking about making an order. Now the order will take into account first: did URA collect somebody’s money in form of tax wrongfully to justify an award for damages? That is number one.

The second component of interest takes into account, among others, time. Therefore, the interest is also awarded based on percentages and the time with which say, URA could have been with the money.

Alternatively, it could be the interest awarded based on how long the taxpayer has refused to pay the tax and therefore, URA claims interest. Colleagues should not forget as well that even URA could raise a counter claim when the taxpayer goes to the Tax Appeals Tribunal and relays a claim; URA could even say that they actually collected less.

Therefore, all those situations call for damages and interests, and in that respect, I actually do not find anything wrong, and of course, as hon. Niwagaba said, for the first time, and with a level of pain, we accept to support the Bill as brought.

**THE CHAIRPERSON**: Honourable members, I put the question that clause 3 do stand part of the Bill.

*(Question put and agreed to.)*

*Clause 3, agreed to.*

*Clause 4, agreed to.*

*The Title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

5.39

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

**THE CHAIRPERSON:** Honourable members, I put the question that the House do resume and the Committee of the whole House do report thereto.

(*Question put and agreed to.)*

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

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

5.40

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker and colleagues, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Tax Appeals Tribunals (Amendment) Bill, 2018” and passed it without amendments.

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

5.41

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

**THE SPEAKER:** Honourable members, the question is that the report of the Committee of the whole House be adopted.

*(Question put and agreed to.)*

*Report adopted.*

BILLS

THIRD READING

5.42

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, I beg to move that the Bill entitled “The Tax Appeals Tribunals (Amendment) Bill, 2018” be read the third time and do pass.

**THE SPEAKER:** Honourable members, I put the question that the Bill entitled “The Tax Appeals Tribunals (Amendment) Bill, 2018” be read for the third time and do pass.

(*Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED, “THE TAX APPEALS TRIBUNALS (AMENDMENT) ACT, 2018”

**THE SPEAKER:** Honourable members, Title settled and the Bill passes.

BILLS

SECOND READING

THE TAX PROCEDURES CODE (AMENDMENT) BILL, 2018

5.43

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker *-(Interruption)*

**MR NANDALA-MAFABI:** Thank you, Madam Speaker. I stand to raise a procedural issue. I do not know if my ears heard badly. The Clerk read, “The Tax Appeals Tribunal (Amendment) Act, 2017 - if I heard wrongly – otherwise, this one is for 2018. Wouldn’t it be procedurally right, Madam Speaker that if the Clerk read it wrongly, we get it corrected before we move?

**THE SPEAKER:** I thought I heard 2018. Okay, please read the Title again.

A BILL FOR AN ACT ENTITLED, “THE TAX APPEALS TRIBUNALS (AMENDMENT) ACT, 2018

**THE SPEAKER:** Honourable members, Title settled and the Bill passes. Let us go to the next item.

BILLS

SECOND READING

THE TAX PROCEDURES CODE (AMENDMENT) BILL, 2018

5.43

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, I beg to move that the Bill entitled, “The Tax Procedures Code (Amendment) Bill, 2018” be read the second time.

**THE SPEAKER:** Is it seconded? Okay, it is seconded by a number of Members. Justify, your motion. What is your rationale for the Bill?

**MR BAHATI:** Madam Speaker, one of the objects of this Bill is to provide for due dates for filing returns under the Rotaries and Gaming Act, 2016. The second is to provide for the minister to pay taxes on behalf of the person because we get pressures from institutions like religious institutions and charitable organisations. Madam Speaker and colleagues, you recall that you removed the powers from the minister to exempt any person, so the alternative that we have is that if we think that it is a credible and a justifiable cause, then we should budget for resources to give relief to those institutions and that is why we have come here to seek that authority.

The third is to waive all unpaid taxes - due and unpaid by Government as of 30 June 2018. Colleagues, if I may make this point, we entered into MOUs with some companies on the issues to do with incentives in strategic areas - companies like the Palm Oil, Nytil that have made a tremendous contribution to the development of our country - for the first time in the long history of our country, we can now produce goods in our own country using our raw materials especially cotton.

Therefore, we had done agreements and we have been budgeting for these taxes over time. However, last year, Parliament in its own wisdom - wisdom that we have respected - decided that we should not pay for these companies yet the obligations were already there. Therefore, we are saying that instead of continuing to record on the Uganda Revenue Authority books that Government owes you money when Parliament cannot appropriate it, then we waive it and close the books. That is the justification for this particular Bill.

Further, Madam Speaker, we would like to provide for electronic receipting, invoicing and a penalty tax relating to electronic receipting and invoicing.

Those are the few objectives of this Bill. It is mainly to make sure that we are in line with what Parliament has decided, especially in saying a minister has no powers to exempt any person. Therefore, if you think it is a justifiable cause, we should be open and transparent to this House and ask you to allow us to budget for these resources. Colleagues, you have also approached us on behalf of the institutions that you support, especially religious institutions. So we think that it should be done in a transparent manner through amending the Tax Procedures Code Act. I beg to move.

5.47

**THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Henry Musasizi):** Thank you, Madam Speaker. The Committee on Finance, Planning and Economic Development considered the Bill entitled, “The Tax Procedures Code (Amendment) Bill, 2018” and is now ready to report.

Madam Speaker, before, I present the committee report, I would like to lay on the Table a copy of the original report duly signed by committee members, together with the minutes that captured the proceedings during the process of considering the Bill. I will go straight to the committee’s observations and recommendations.

Observations

1. The Bill provides for the manner in which tax returns are to be furnished to the Uganda Revenue Authority (URA). Licensed persons in the business of casinos, lotteries and gaming are obliged to furnish weekly and monthly returns in order to manage risks because pay-outs are done on a daily basis.

2. Taxes owed by Government to URA will be waived as at 30 June 20l8 except withholding tax. Government makes commitments to pay taxes on behalf of some taxpayers in strategic sectors through agreements, memoranda of understanding or commitment letters. It is important that the authority of the minister to pay such taxes is clearly spelt out in the law to ensure certainty of the policy. Previously, the minister has paid taxes under the normal expenditure framework. However, direct taxes like Pay As You Earn (PAYE) and income tax should not be exempted or waived.

3. The tax arrears arose because of Government’s failure to meet her obligation on counterpart funding and where Government had made commitments to pay on behalf of some tax payers but was not duly appropriated the necessary resources. The accumulated tax arrears currently amount to Shs 132 billion. It is imperative that these arrears are extinguished to spare the authorities the necessary burden of pursing them.

Specific measures have been introduced by Government to minimise the reoccurrence of this challenge through the Value Added Tax (VAT) deeming provision on donor funded projects and by providing for payment of taxes in the law. The minister is obliged to publish in the *Gazette* and a newspaper of national circulation, a list of tax obligations which were waived to ensure transparency.

4. Miss-invoicing, under invoicing, and forgeries have greatly undermined compliance and revenue collections, especially with respect to VAT and corporation tax. A centralised receipting system will assist with availability of more credible taxpayer records and provide an audit trail. This will increase the quality of declarations, minimise forgeries in VAT claims and progressively lead to higher revenue outturn. Government should embark on a campaign to promote the use and demand of receipts for any commercial transaction.

5. The Tax Procedures Code Act was passed to provide for mechanisms in which taxes are to be paid. All matters relating to procedures should be consolidated in this law to ease tax payments.

6. Tax payers are supposed to file returns at the end of each financial year. Uganda Revenue Authority is supposed to carry out an assessment on the returns and confirm the tax to be paid within a year. However, it has been a practice of URA not to conduct an assessment within a year. This has affected tax payers as URA conducts the assessment after several years of filing returns. The inefficiencies of URA should not be visited on innocent taxpayers. Where a taxpayer files returns with URA but an assessment is not carried out within a year, interest due on the monies owed to Government from the period under assessment shall accrue from the date on which the assessment was conducted.

7. The Bill proposes to authorise Government to pay any tax due and payable arising from any commitment by Government to pay tax on behalf of a person or owing from Government to pay on behalf of a person through the acquisition of goods and services. This will create unfairness to other taxpayers. Taxes like income tax are charged on the income of the person and should not be paid by Government. Government should desist from entering into agreements that exempt some taxpayers from paying tax while allowing others to pay.

Madam Speaker, the committee recommends thus:

(i) All indirect taxes owed by Government to URA be waived. Direct taxes like income tax, pay as you earn and withholding tax should however be paid.

(ii) Exceptional powers should not be given to the minister to pay taxes on behalf of any person(s) for acquisition of goods and supplies by Government.

(iii) All VAT registered taxpayers should acquire cash machines within five years. A taxpayer who is registering for VAT must acquire the cash register. The expense borne by a taxpayer to purchase a cash register should be an allowable deduction on VAT returns.

(iv) Government should not pay taxes on behalf of persons who have earned income.

(v) Interest shall accrue from the time URA makes an assessment.

(vi) The Tax Procedures Code (Amendment) Bill, 2018 be passed into law, subject to proposed amendments.

Madam Speaker, I beg to move.

**THE SPEAKER:** Thank you very much, honourable members of the committee. It has been signed by the necessary minimum number and we have a few minutes to comment.

5.56

**MR PATRICK NSAMBA (NRM, Kassanda County North, Mubende):** Thank you very much, Madam Speaker. I would like to appreciate the chairperson and the committee for the decisions and the recommendations they came up with.

Last year, as members of the Committee on Budget, we were faced with the challenge of approving supplementary budgets for companies that Government desired to pay for corporation tax. It does not make any sense to hear that Government is getting from its coffers to pay taxes for a company that has made a profit; it makes no sense at all. I was seated here only to hear that the committee has instead allowed what we rejected. We said that we cannot agree to that. We pointed out to the companies that they came here to make profits and having made profits, that is good enough. We demanded that they pay what is due to Government.

I do not know which kind of agreements we make. I remember that time we requested that Government comes and explains. We needed to know the kinds of agreements and the nature of the people that sign such agreements that stipulate that even when you make a profit –*(Interruption)*

**MR NIWAGABA:** Thank you, honourable member, for giving way. I would like you to be interested in knowing that this particular clause you are referring to is an amendment of Section 40 of the Tax Procedures Act, 2014. When you read that section, you will find no connection whatsoever with the attempt to smuggle sub-clause (2) (a), (b) and (c) in Section 40. Can I read it for you so that you get to know?

Section 40 is under Part IX of the Tax Procedures Act and it is about remission of tax. Subsection (1) reads, *“Where the commissioner is of the opinion…” -* mark the words - *“…that the whole or any part of the tax payable under a tax law by a taxpayer cannot be effectively recovered by reason of hardship, impossibility, undue difficulty or the excessive cost of recovery, the commissioner may refer the taxpayer’s case to the minister.”* However, when you read this one, you realize it is talking about “where the minister shall pay any tax due and payable by Government arising from any commitment made”.

Subsection (2) is about what the minister does when the case is referred to him. It says, *“Where a taxpayer’s case is referred to the minister under subsection (1) and the minister is satisfied that the tax due cannot be effectively recovered…” -* he can only be satisfied that it cannot be recovered upon looking at the impossibilities under subsection (1) - *“…the minister may remit in whole or part the tax payable by the taxpayer.”*

In my view, this particular clause is being smuggled in to help specific individuals and companies allege and use Parliament to sanctify an irregularity. Can we get a justification for bringing this clause under Section 40?

**MR KAKOOZA:** Thank you, Madam Speaker. In the report which you presented as the budget committee and which was pronounced on by the whole House, we suggested that the slow growth in the tax revenue is in part due to the narrow tax base comprising of a few taxpayers, coupled with a weak tax exemption regime.

Tax exemption leads to loss of tax revenue, even if the Government’s decision to grant tax exemption is informed by the investment code.

What the ministry is trying to do in this law – You remember they brought a supplementary request here on the Floor and we said these companies were exempted for a certain time but they have made profits now, so why should Government pay for them. Corporation tax is calculated after one has made profit. If they do not make profit, we do not charge them. Now, these people are coming back to say, “Please, last time you did not appropriate money for us, now we want to collect the older…”

Parliament refused the other time and said that if these companies we are exempting from paying corporation tax are not making any profits, it is in the law that when they declare their books of accounts, URA will not come for them. How come they are coming back to ask Government to pay on their behalf? We said no. If we did not appropriate - They are coming back to ask Parliament to demand for that money; this is the essence of –

**THE SPEAKER:** Honourable members, if they are not making profits, what are they doing in business?

**MR NSAMBA:** Madam Speaker, I think I gave way for very good information. I rest my case. Thank you.

6.03

**MR KENNETH LUBOGO (NRM, Bulamogi County, Kaliro):** Thank you very much, Madam Speaker. I would like to appreciate the chairperson and the committee for the report though with reservations.

To start with, I would like to applaud the committee for recommendation No. 2 where it says that no exceptional powers should be given to the minister to pay taxes on behalf of any persons for acquisition of goods or supplies by Government. I think we would be making a gross mistake if this House went a step further to allow the minister to pay taxes on behalf of anybody. I would like to appreciate the committee for that particular recommendation, which I think we should actually support.

I, however, have an issue with recommendation No.3, which says that all VAT registered taxpayers should acquire cash machines within five years. All those who are already VAT registered are given five years to acquire the machines but then we go ahead to say that those ones who are just coming on board should acquire the machines immediately.

I wonder why we are making this kind of variation between the ones who are already in business and the other ones who are just coming on board. Some of the businesses coming on board are smaller and some of the older ones have buttressed themselves and they are doing serious business. Therefore, I wonder what the rationale is for recommending that new businesses on the register must acquire the machines immediately.

Finally, the recommendation goes on to say that the amount of money spent to acquire the cash machine shall be allowable as a deduction on VAT returns. I wonder whether the chairperson, who should respond to the issues I am raising, cares anyway. I know hon. Nandala-Mafabi does not want anybody to interfere with him when he is making a submission.

Madam Speaker, my issue is with the recommendation that the money spent to acquire this machine should be deductible on the returns of VAT. I wonder how much these machines cost since you have not quoted the price for us. This might cause us a problem and these new companies might go a long way without paying any VAT.

I do not know why the committee did not prefer to have this deductible when income tax is being assessed other than during the filing of VAT returns. I would think it should have been the other way round; it should have been an allowable deduction when income tax is being computed other than at the point of assessment of VAT. I thank you very much.

**THE SPEAKER:** Can we also know the use of the cash register? How many people are actually using cash? Supposing we are paying by mobile money, do we need a cash register?

6.06

**MR SILAS AOGON (Independent, Kumi Municipality, Kumi):** Thank you very much, Madam Speaker. To start from where you have just stopped, the cash register is very necessary because URA has got to track performance in terms of how one has generated the money and how they deducted the cost in order to arrive at the profit that they are going to tax.

However, Madam Speaker, I would like to delve into the issue of interest. Recommendation No.5 specifically says that interest shall accrue from the time URA makes assessment. I have a problem with that. Why? Uganda Revenue Authority can take its time to come and do assessment. If the assessment was meant to be in 2010, they can wait and come and do it in 2018. Now, if a taxpayer gets dissatisfied and runs to the tax tribunal, URA will still charge the interest on that taxpayer, whatever the outcome of the case. Actually, if they win the case, it will be bad for you, the taxpayer.

My observation is that it is very necessary that once a taxpayer is dissatisfied with an assessment by URA, the issue of paying interest should be suspended until the case is decided. Otherwise, this will jeopardise most of our businesses *-(Mr Bahati rose\_)-* You can give information but give correct information *–(Laughter)*

**MR BAHATI:** The reason we want to make this amendment is that ideally, a taxpayer does self-assessment *–(Interjection)-* Yes, it is by law. However, in some cases people do not do that and that is why URA comes in. When we come in to do assessment and you have not been paying tax since 2010, we are saying we should add interest for all the taxes that you have not paid since 2010 because you were supposed to do it.

What the committee is suggesting is that instead of charging interest from 2010, you should pay interest from the time when URA came in, say 2018. We think it is unfair to those who are paying taxes. You are not paying and when URA has assessed you, you do not even want to pay interest - [*Mr Aogon: “That information is enough, honourable minister.”]-* That is very useful information, honourable colleague. *(Laughter)*

**MR AOGON:** Madam Speaker, that information *- (Interruption)*

**MS WINFRED KIIZA:** Thank you, my brother, for allowing me to at least get this clarification. I would like to refer to what the Speaker has said about exempting some business entities from paying corporation tax.

We want to exempt some businesses from paying corporation tax and yet here we are rushing to tell other businesses that if they have taken a lot of time without assessing their business and URA assesses them and it is realised that they are making good money, they should be taxed. Don’t you think we are kind of missing the point? For some, we are exempting them from corporation tax but for the others we are saying “you must hurry to pay with interest”?

**MR BAHATI:** Thank you very much, honourable Leader of the Opposition. Yes, it is important that we encourage investment and where we have exempted companies, we are seeing great dividends. I would like to invite colleagues to visit the palm oil project in Kalangala. You will be amazed and proud that we made a decision to exempt them for all this time. The communities have transformed and colleagues from Kalangala can support me – *(Interruption)*

**MR AOGON:** Madam Speaker, the example the minister is giving is actually a wrong one because around the country there are very many companies that are suffering. There is a selective award of waivers on taxes. I can specifically give information that Kumi Orthopaedic Centre has been mistreated. This is a company, which is helping people with fractured legs and other bone-related issues but within two or three years, they are already telling them to pay Shs 200 million. The company is almost coming down.

What are we talking about here, Madam Speaker? The issue of interest *– (Member timed out.)*

6.12

**MR PAUL MWIRU (FDC, Jinja Municipality East, Jinja):** Madam Speaker, I rise to oppose clause 3 of the Bill, which intends to take away the powers of Parliament and give them to a minister.

First, I would like to say that when you read the Auditor-General’s report, particularly in respect to Treasury operations, you realise that we have been suffering with these exemptions. In certain instances, it does not end at corporation tax only but goes up to output VAT. I have actually been wondering how we even exempt output VAT.

Madam Speaker, let me take you to the Bill. When you read clause 3(2b), you will just see that they have been exempting some companies without first coming to Parliament and they want to use this as a window to clear what they have been doing. Let me refer to it for the benefit of others. It says that all taxes due and unpaid by Government, except pay as you earn, income tax and withholding tax, as at 30 June 2018 are waived.

The meaning of that provision is that they do not even want to wait for the assent of this Bill, because this Bill would come into effect on the date it has been assented to by the President *–(Interruption)*

**MR MPUUGA:** Thank you, colleague, for giving way. Madam Speaker, the Investment Code (Amendment) Bill, 2017 is before Parliament and it was deferred for a number of reasons. Part of the reasons for the Bill is to give effect to a catalogue of incentives that investors – local and foreign – must benefit from. It was deferred partly because of lack of clarity in key variables, including incentives.

Therefore, trying to get this amendment through is to try and pre-empt a proposed amendment to the Investment Code Act, which should be able to catalogue incentives and related matters.

**MR MWIRU:** Thank you. Finally, Madam Speaker, I would like to advise my friend, the minister, that the power to impose tax is with this Parliament and so is the power to exempt. As you start a financial year, you plan for the exemptions you want so that they are moved properly in the House. In that way, we shall look at them and treat them as exemptions and then exempt the companies for the benefit of everybody.

What is going to happen, Madam Speaker, is that if we make a mistake and give away our power to the minister, we will have very many exemptions and they will not be rational. That will affect the economy. Thank you, Madam Speaker.

**THE SPEAKER:** Honourable members, if you have been noticing the minister laying those exemptions before the House, there are particular companies that have repeatedly got exemptions for over five or six years. I have attempted to request for exemptions for certain organisations but I have always failed. *(Applause)*

6.15

**MS ANN NANKABIRWA (NRM, Woman Representative, Kyankwanzi):** Thank you, Madam Speaker. You have actually reminded this House very well; what prompted this House to say, “No” is that perennially, it is the same companies which get the incentives. What hurts us more is that you get a company that is making a lot of profit and then you say Government should pay its corporation tax. That is very unfair.

The minister has been talking about Kalangala. This House approved money to extend that project to Buvuma. We even appropriated money to buy land and we bought for them land yet you do not want them to pay taxes out of their profits. I think that is very unfair to Ugandans.

I thank the committee – *(Interruption)*

**MS OGWAL:** Thank you for giving way. Madam Speaker, it is true that the palm oil project in Kalangala was given free land by the Government. However, up to now Government has not declared how many shares we own in that company. We donated land and I am sure the land was valued and there must be a balance sheet. Therefore, how much has the Government and the investor paid? What is the share for the people of Uganda in that palm oil company? I would like to the minister to clarify that.

**THE SPEAKER:** Honourable member, it is not just the oil company. During the debate on finance, we received information that there are corporations which are making profits but they have never declared dividends.

**MS ANN NANKABIRWA:** Lastly, I would like to talk about recommendation No. 4, which is about companies paying interest upon assessment. I have a problem with that recommendation because you would be refraining me from enjoying my rights to appeal and once I appeal, the process must be halted. I think there is something we should reconsider. Thank you.

6.18

**COL (RTD) FRED MWESIGYE (NRM, Nyabushozi County, Kiruhura):** Thank you, Madam Speaker. I would like to thank the committee. However, I question the wisdom behind these exemptions. These investors are supposed to be rich people who come to invest in the country. By the way, they get the money cheaply from their foreign banks, they come here to invest and we start exempting them. I think it does not benefit this country, which is trying to develop. *(Applause)* We are simply emaciating our country and I do not agree with this. There is no wisdom behind these exemptions.

I have been to the Kalangala palm oil project; that project makes profits. Why should they be exempted from taxes on the profits they are making? If you think there is a burden, phase the tax exemptions for two to three years but investors must pay taxes. How shall we develop if we go on exempting? How shall we achieve a middle-income status if we continue exempting these big companies? Madam Speaker, I do not agree with these exemptions because it does not make sense at all to a developing country. Thank you.

6.20

**MR PAUL AKAMBA (Independent, Busiki County, Namutumba):** Thank you, Madam Speaker, and I thank the committee for the report.

I also object to the selective exemptions because it is unfair. Most times, it is the foreign companies which are exempted yet our local companies, which should be nurtured, are being stifled. We do not see the essence in these selective exemptions. A case in point is that recently, we exempted Umeme Limited but we are paying much higher tariffs than we were paying before. Therefore, which criteria shall the ministry use to decide who should be exempted and who should not be exempted?

Most of the foreign companies that are pampered evade taxes. In fact, they do not add any value to our economy. In the circumstances, I vehemently oppose the selective exemption. Thank you.

6.22

**MR ALIONI ODRIA (Independent, Aringa South County, Yumbe):** Thank you, Madam Speaker. I would like to appreciate the chairperson for the report. However, I have a problem with the exemptions. As I speak, in West Nile the only factory we have is Meridian Tobacco Company, which employs over 15,000 people and supports over 10,000 farmers. This factory pays electricity bills that are twice as high as other factories in Kampala pay to Umeme Ltd. They pay their electricity bill to West Nile Rural Electrification Company Limited (WENRECO), the local service provider which generates power for the West Nile region.

Currently, the company is threatened with closure because of high cost of electricity bills. These people asked for Government intervention in terms of exemptions and reduction in tariffs. Actually, I negotiated and organised a meeting between Electricity Regulatory Authority (ERA), WENRECO who is the local electricity supplier, and the Ministry of Finance, Planning and Economic Development. We had a meeting just last month.

There is even a letter from the Ministry of Finance, Planning and Economic Development, which has gone to the President’s office. However, there is still no response. In Kampala, huge companies like Umeme Ltd are always exempted yet they are making huge profits.

Madam Speaker, my prayer is that the minister should go back and come with the criteria for these exemptions. I can give you an example; before I became a Member of Parliament, I imported a printer from Germany but I suffered as I was looking for tax exemptions and nothing was done to help me. So, who are these foreigners who are benefiting?

Currently, I have a local investor certificate but I am suffering to acquire land from Government to set up a small factory. Who are these foreigners? We need proper criteria to handle these exemptions. That is my humble prayer, Madam Speaker.

**THE SPEAKER:** As hon. Sseggona comes up, I just want to ask, do we have accountability for the jobs created? The minister always uses employment creation to justify this. We want accountability of how many jobs have been created by all those companies.

6.25

**MR MEDARD SSEGGONA (DP, Busiro County East, Wakiso):** Thank you, Madam Speaker. Actually, that was my very first point. Let us deal with the basics. First, the power to impose a tax and the power to waive a tax is ours. The moment we donate it to the minister, we are supposed to close shop. Secondly, we give incentives to attract investors so that the investors can give us taxes. However, we are now attracting investors to come and plant a forest of palm trees and then we look at them and go home very proud that we are now a rich nation.

The second issue I would like to talk about is jobs. I cannot do any better on the question of jobs accountability than you have put it, Madam Speaker. However, to pay taxes, an ordinary importer in Kikuubo goes and sells his father’s land in the village or goes to a moneylender to get money to clear goods from the border. You are now telling the same person that you gave free land and for whom you mobilised labour that they can come and you will waive their tax. They will come with that in mind, that there is a possibility for a waiver.

The reason we legislate is to avoid and prevent mischief. I smell mischief. I smell a minister – not my brother, hon. David Bahati – hawking exemptions on Kampala Road *(Laughter)*. First of all, we have seen mischief in this country where companies do not pay tax perennially. Year after year, they are exempted and it is the same companies. You now want to legislate and allow them.

Madam Speaker, looking at the report, and I thank my colleagues in the committee, this is super. The only issues as raised by my colleagues, which I do not intend to repeat, relate to interest. Again, this is going to be subject to abuse.

Here is an agency called Uganda Revenue Authority; we give them money in our budget annually, including supplementaries, to go and assess tax. They now come and tell me that since 2000, I have not been paying tax and therefore they are assessing this huge amount. Are we not going to close businesses? They require an ordinary person who struggles day and night to sustain a business to keep records; if they do not keep their records, because they have the statutory power, they are going to come after eight years and close your business. We cannot allow that.

For religious institutions and some other institutions, I agree; there are some institutions which ought to be exempted on certain transactions but not all institutions and not all transactions. Come back to us, we are here and that is our work; we shall do it. However, we are not going to delegate a function that is going to be abused as has been abused perennially.

Finally, my view, and to be of assistance to my brother, hon. Bahati, is that we delete this clause – *(Interruption)*

**MR BAHATI:** Madam Speaker and colleagues, some colleagues are mixing two issues. We appreciate the voices of those saying we need to have proper criteria for exempting companies by Parliament. Actually, we have provided criteria in the Stamps Duty Bill and the Value Added Tax Bill. All are with us here and in a few days, we will debate these Bills. We have corrected that issue by stating proper criteria.

If you come to the country and you are going to invest US$ 200 million or if you are a local company and you want to invest US$ 5 million, there are incentives that we have outlined. Those are going to be debated by Parliament and there is nothing, hon. Sseggona, that the Ministry of Finance, Planning and Economic Development is doing or intends to do behind Parliament’s back.

What these two clause are suggesting under amendment No. 3 is that the minister shall pay any tax due and payable by Government arising from any commitment made by Government to pay tax on behalf of a person or organisation. What do we mean? I will give you an example. We have got some grants from the Japanese Government. We have also passed here donor funded projects where the counterpart funding is actually to pay taxes like VAT and the rest. Now, this is why we are saying –*(Interjection)*– It is really important to understand this.

You are saying do not exempt. The alternative we have, for example for counterpart funding, is to pay. However, you cannot pay if you do not have a legal framework that allows a minister to budget for the money you are going to pay. Therefore, the money that we shall pay under this clause will be passed by Parliament. There is no way we can avoid Parliament.

The other one is where we made commitments – *(Interjection)* – Yes, we already made commitment agreements and we already have tax obligations. In the second part we are saying, since we did not provide for this money –*(Interruption)*

**MR JAMES KAKOOZA:** I should not have interrupted my colleague, hon. Bahati. He knows he is a minister of finance and he has been appropriating money before for these tax expenditures in each and every sector.

Secondly, at least somebody can read and understand subclause (2a); it says, “*The Minister shall pay any tax due and payable by Government arising from any commitment made by Government to pay tax on behalf of a person…*” This means that you are going to pay for anybody on his behalf and this is what we are objecting to.

Companies here which are exempted or are in the law, once their books of accounts show corporation tax, Government does not need to pay. This is what the law here intends to do. You want powers to do it. Is it in order for the finance minister to come and mislead the House?

**THE SPEAKER:** Honourable minister, would you mind if we deferred this and first dealt with those Bills so that we know what exemptions there are? He says the exemptions are contained in those Bills. He said the Stamp Duty Bill and another one.

**MR MUSASIZI:** Thank you, Madam Speaker. I feel I should give this clarification. We are debating two issues and combining them into one. For tax purposes, tax expenditure is where the laws do not allow for an exemption. There is a tax due but Government thinks it should pay on behalf of the taxpayer. An exemption is a case where already the existing laws provide for no taxes to be paid.

Therefore, what the minister is seeking for and what the House is objecting to –*(Interjection)*– Yes, I know what I am talking about. The minister is seeking to be granted authority to keep paying taxes on behalf of *–(Interjection)–* actually a blank cheque to pay taxes for anybody.

Madam Speaker, this blank cheque, as it may be called, is really dangerous. Previously, the Ministry of Finance, Planning and Economic Development would budget and Parliament would give money for this but we said this window is being abused. If you want to make any tax expenses for people, let Parliament have the authority to approve this. That is what we think should continue happening.

With exemptions, it is true we have Bills which are coming up which provide for exemptions, especially for incentives for investors. However, what I would like to clarify as I conclude is that this House should not mix tax expenditure with tax exemptions. The two are completely separate.

**MR SSEGGONA:** I would like to thank my colleagues –(*Interjection*)– You cannot receive information when I am on the Floor, my brother. I would like to thank my colleagues, especially my friend, hon. David Bahati, for the information. Ordinarily, I would not thank you for that information save for the conventions of our practice.

Madam Speaker, exemption is only when a tax is payable. That is when you can say, “I have exempted you; do not pay.” It must not be confused with a waiver or Government paying tax.

Looking at clause 3, what the minister is seeking for is blanket power so that I can simply walk into his office and tell him, “I am unable to pay” or “I do not want to pay” then a mischievous minister would simply ask me for a cheque and we will close that deal. I am happy you are not one of those. (*Laughter*)

Secondly, in sub-clause (2b), once you are talking about tax and you are using the words, “taxes due”, it means that this person is liable to pay tax as at that point. Now you would like to ask Parliament to give you money to pay for that person. Even in the current tax regime, there is a whole process of writing off tax or even a debt, with laid down criteria.

I would like to implore my brother that since there are those other Bills you would like to bring, including but not limited to the Stamp Duty (Amendment) Bill, which would elaborate the procedure, let us shelf this first and you bring that one. I am aware that the Stamp Duty Act and VAT Act impose different taxes. Now you are telling me as if to excite me that when you bring those Bills, these issues will be clarified, after I have given you that. Hon. Bahati, I would like to state that you are not going to achieve much in soliciting. I will take the information from hon. Nandala-Mafabi.

**MR NANDALA-MAFABI:** Thank you, Madam Speaker. I also would like to thank hon. Ssegonna for giving way.

Madam Speaker, I would like to make a few clarifications so that they can make the case. I would like to pick from the point hon. Niwagaba raised *–(Interjections)-* What he raised has some issues which we can deal with at an appropriate time.

What taxes are being proposed for a waiver? The committee came out clearly and said that you will not waive income tax, pay as you earn, and withholding tax. Income tax also means even corporation tax. Now, the taxes the committee is saying are okay for now include indirect taxes like VAT on Government contracts.

I would like to tell Members here that last financial year, on donor funded projects, you came here and said that VAT on these contracts would be deemed to have been paid. Government has not been paying its part of VAT on contracts like road co-funding. Now that they have failed, they are coming here to ask for a waiver. That is why I would like to agree with hon. Niwagaba that on this specific point, we should shift the waiver of VAT to the VAT Act.

I would like to thank the committee because they have not said that we should write off taxes or give the minister express powers. If you read through, the committee said we shall not give the minister the powers of Parliament but this waiver will only be for the indirect taxes.

The final issue is what hon. Bahati raised on assessment. I may have filed my assessment in 2010, sent it to URA and according to my self-assessment I am supposed to pay Shs 20 million, which I paid. However, URA waits for 10 years and then comes and says, “Nandala-Mafabi, you should have paid Shs 30 million, and the additional Shs 10 million attracts interest from 2010”. Where were you all this time? Yes, if you have come now, I should pay but the interest should accrue from the day you started.

You should not make a law to make URA lazy so that tomorrow they come for you. I can tell you, honourable members in NRM, for now you can enjoy it. However, the day you say you have stepped aside and you do not agree with someone, they will raise an assessment for you and they will say that you must pay it. By the time you raise the money, your property will be gone. Therefore, the law we are making is for all of us -

**MR BAHATI:** Madam Speaker, the institution of URA is non-political; it serves all people. Is it in order for the former Leader of the Opposition to insinuate that the NRM Government works with URA to intimidate people by imposing taxes which they are not supposed to pay?

**THE SPEAKER:** Honourable members, URA was set up by an Act of Parliament with specific functions. Unless hon. Nandala-Mafabi can substantiate his point, we would like him to withdraw his claim.

**MR NANDALA-MAFABI:** Thank you, Madam Speaker. I am very good at that.

Madam Speaker, hon. Felix Okot Ogong wanted to stand for President. I hope you know that his sugar came and they confiscated it and by the time he came to deal with it, they asked him to pay a certain amount of money and DFCU Bank had gotten his house. It was only when hon. Okot Ogong became quiet that he was able to survive a bit. Otherwise, he was past tense. (*Laughter*)

Madam Speaker, I have four other cases - Hon. Okupa, bring yours.

**THE SPEAKER:** Hon. Nandala-Mafabi, how have you survived? (*Laughter*)

**MR OKUPA:** Madam Speaker, hon. Bahati knows this. While handling the issue of the “presidential handshake”, one of our committee members, hon. Michael Tusiime, had imported a Prado Land Cruiser. He entered into an agreement with URA because URA allows instalments and they can give you up to four months. When we were handling the handshake issue, they recalled the memorandum of understanding and asked the Member to pay the money upfront. That is what happened.

**THE SPEAKER:** Honourable members, we are wasting time because I have looked at the report and their proposal was to delete. Therefore, we should not hammer it anymore.

BILLS

COMMITTEE STAGE

THE TAX PROCEDURES CODE (AMENDMENT) BILL, 2018

Clause 1

**THE CHAIRPERSON**: Honourable members, I put the question that clause 1 do stand part of the Bill.

*(Question put and agreed to.)*

*Clause 1, agreed to.*

Clause 2

**MR MUSASIZI:** Clause 2 is amended by deleting the headnote and substituting it with the following: “2. Amendment of section 16 of the principal Act.” The justification is: to correct a drafting error.

**THE CHAIRPERSON:** Honourable members, I put the question that clause 2 be amended as proposed.

*(Question put and agreed to.)*

*Clause 2, as amended, agreed to.*

**MR MUSASIZI:** Madam Chairperson, we have an insertion immediately after clause 2. We propose to insert a new clause 3 immediately after clause 2 to read as follows - and the Bill be renumbered:

“3. Amendment of section 20 of the principal Act

Section 20 of the principal Act is amended by adding a new subsection (6) immediately after subsection (5) to read as follows:

‘(6) Where a taxpayer files returns with the Authority and an assessment is not done by the Authority within a year, interest on the monies due from the period of assessment shall accrue from the date on which the assessment was raised.’”

The justification is: to allow for computation of interest on the monies owing to the Authority to be computed from the time the interest is due.

**THE CHAIRPERSON:** Honourable chairperson, I think you missed out a word – “…an assessment is not done by the Authority”. So, it is not done.

**MR BAHATI:** I would like to invite the House to support me. If you say that I am a taxpayer and for one reason or the other, I have not filed my returns or I have filed and URA comes and discovers that actually - Take an example of VAT, you can file returns and five months later, URA discovers that you have been charging some third party companies and they have been paying you VAT but you have not been declaring it. If a person or a company is found in such a position, why wouldn’t you want URA to start computing the interest from the time that you were supposed to pay that tax? This is unfair to the good Ugandans who declare their taxes on time *–(Interruption)*

**MR SSEGGONA:** Hon. Bahati, I thought when you give way, you practically give way. Thank you.

Madam Chairperson, let us draw a distinction between the substantive Acts and procedural Acts. The Tax Procedures Code (Amendment) Bill or Act, if you pass it, is a procedural law. The substantive law imposing the tax is the relevant Act depending on which tax you are talking about. What hon. David Bahati is putting across can only be understood and properly contextualised if you are looking at a particular tax, and that particular tax or aspects of it can only be contained in those substantive laws but not in a procedural law like this one.

The point I am putting across is: the principal obligation of assessing tax is an obligation of URA. I make a personal assessment and it is pending because it is provisional. I make my own assessment and after one year or two years, URA comes and says, “No, actually the true assessment should have been this” and this is what we should have assessed two, five or 10 years back. From that day one, you then tell me I should pay the tax together with interest.

It is different from VAT because with VAT, I am collecting that money. By keeping that money aside and not remitting it to URA, which is a fraudulent act, I am actually keeping URA’s money. That is a different matter. It should not cut across or into other taxes. Therefore, that is why I had wanted hon. Bahati to clarify first but incidentally - *(Interruption)*

**MR JAMES KAKOOZA:** Thank you, hon. Sseggona. Actually, there is a law within other relevant laws that a business person is supposed to keep books of accounts of a certain period for seven years. After 2010, I have kept books for almost seven years and then you come back after 20 years and you tell me, “Within that time, you should have paid me this amount of money, pay interest.” You cannot do that.

What we are trying to say is that the time you find out is the time you will calculate the interest on that amount that I am supposed to pay. Otherwise, it is unfair for a businessman. Transacting business is not constant - the factors are not constant. Supposing I made a loss during that time, will you calculate that interest on that amount of money? That is why the committee is suggesting that when you find out in 2018, come and tell me the value and calculate that interest you have known.

**THE CHAIRPERSON:** Honourable members, I put the question that the new clause be introduced as proposed.

*(Question put and agreed to.)*

Clause 3

**MR MUSASIZI**: Madam Chairperson, we propose that clause 3 be amended by-

(i) Deleting the proposed subsection (2a)

(ii) Deleting the proposed subsection (2b) and substituting it with the following:

“(2b) All taxes due and unpaid by Government, except pay as you earn, income and withholding tax, as at 30 June 2018 are waived.”

The justification is:

(a) To allow income tax, pay as you earn and withholding tax to be waived by Government; and also,

(b) Exceptional powers should not be given to the minister to pay taxes on behalf of any person(s) for acquisition of goods and supplies by Government.

**THE CHAIRPERSON:** Honourable members, we agreed to delete (2a); let us first deal with it. I put the question that clause 2-

**MR BAHATI:** Madam Chairperson, I would like to note that we made commitments as Government and for the last 10 years, we have been paying taxes for some companies through appropriation until last year when Parliament refused to approve these tax expenditures. These commitments are still pending and can affect investments.

**THE CHAIRPERSON:** No, honourable minister, this House does not want to give you a blanket cheque. Please come here with a list of those obligations and we deal with them. I put the question that subclause (2a) be deleted as proposed.

*(Question put and agreed to.)*

**THE CHAIRPERSON:** You had issues on (2b).

**MR NIWAGABA:** Madam Chairperson, I would like to refer this House to section 40 of the principal Act, it is about remission of tax and not payment by Government of any withheld taxes.

Secondly, if subclause (2b) is passed as proposed in the amendment, we are still giving Government a blanket cheque to pay taxes on behalf of companies and individuals, which we are not privy to.

Thirdly, amending subclause (2b) and passing it as proposed will undermine the provisions of section 40 of the principal Act under which this amendment is being proposed.

I, therefore, invite my honourable members to delete the entire clause 3 (2b) and (2c) because they are misplaced under this particular provision.

**MR BAHATI:** I had given our brother the privilege to be our Attorney-General this afternoon; I do not know now what is happening. *(Laughter)*

Madam Speaker, for subsection (2a), we can come with specific details to the House. Subsection (2b) is about obligations, which we already have with URA and the committee looked at them and that is why *-(Interjection)-* The committee looked at them and they can specify what they saw.

You have not provided for the money to pay. Uganda Revenue Authority still has these figures on record, that these companies are demanding money from Government. However, we do not have money because Parliament refused to budget for it. So, why should we continue to have it - This is the only formal way of *-(Interruption)*

**MR SSEGGONA:** Madam Chairperson, we have read and internalised the report of the committee. They have not provided those details that my honourable friend is referring to. I thought there is a way we do things in Parliament. Are we proceeding well? *-(Interjection)-* You cannot give them to me since you want me to answer the question.

**MS WINFRED KIIZA:** Madam Speaker, I would want us to ensure that we clear our obligations as a country. However, I am finding it hard to agree that we deal with an amendment in which the minister is assertively asking us to guarantee them to continue meeting their obligations, which we are not aware of.

May I know with whose authority the minister went into those undertakings and under which law he undertook all those obligations? Why would URA continue saying that these people are still on their “bumper” when Parliament has said no. If Parliament has rejected something, I would automatically think that URA would know it and Government would go ahead to speak to the different organisations about it. Hiding behind the law and trying to operationalize what you are already working on is abusing Parliament.

**THE CHAIRPERSON:** Honourable members, the Minister of Finance had every opportunity to come here and tell us about that problem but he did not and now he is smuggling it in through the law. Honourable minister, stop abusing this House. You should have come in the same way you have been tabling those arrears here. I put the question that clause (2b) be deleted.

*(Question put and agreed to.)*

*Clause 4, agreed to.*

*The Title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

7.05

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

**THE CHAIRPERSON:** Honourable members, I put the question that the House do resume and the Committee of the whole House do report thereto.

*(Question put and agreed to.)*

*(The House resumed, the Speaker presiding)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

7.05

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Tax Procedures Code (Amendment) Bill, 2018” and passed it with amendments.

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

7.06

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

**THE SPEAKER:** Honourable members, I put the question that the report of the Committee of the whole House be adopted.

*(Question put and agreed to.)*

*(Report adopted.)*

BILLS

THIRD READING

THE TAX PROCEDURES CODE (AMENDMENT) BILL, 2018

7.06

**THE MINISTER OF STATE FOR FINANCE, PLANNING (PLANNING) AND ECONOMIC DEVELOPMENT (Mr David Bahati):** Madam Speaker, I beg to move that the Bill entitled, “The Tax Procedures Code (Amendment) Bill, 2018” be read a third time and do pass.

**THE SPEAKER:** Honourable members, I put the question that the Bill entitled, “The Tax Procedures Code (Amendment) Bill, 2018” be read for a third time and do pass.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED “THE TAX PROCEDURES CODE (AMENDMENT) ACT, 2018”

**THE SPEAKER:** Honourable members, title settled and Bill passes.

**MR ELIJAH OKUPA:** Thank you, Madam Speaker. Listening to the Minister of Finance, we all got disturbed because for a Government to incur any debt, Parliament must approve. The minister has just told us that they entered into commitments and that is the reason he was seeking for the amendment of the law. May you, Madam Speaker, direct the minister to let this Parliament know the commitments they have incurred, the names of those companies and who was responsible for committing the Government to the tune of the amount that we do not even know?

We do not want to take it casually because you will recall that last time, the honourable minister promised that once we gave them a waiver on corporation tax, the power rates would come down from 1 July 2017. To date, the price is just going up. I remember raising the matter here and you directed him to come and explain why what he promised this country has not come to pass.

Therefore, basing on that, I will still insist that the honourable minister must bring to this House an explanation as to why he failed to fulfil what he promised this country when we gave them a waiver. I would also like to thank the Members for having stood firmly and reduced it from 25 years to five years because if we had given them the 25 years that they had asked for, I do not know where we would be.

**THE SPEAKER:** Honourable members, we need to close. We are violating the rights of some of our Members and the staff who should be going to break their fast.

**MR JAMES KAKOOZA:** This is very important to what you said, Madam Speaker, that you have been looking for exemptions for these companies. The companies were brought in a supplementary request. We requested the minister to bring the criteria he used to exempt corporation tax from Aya Group (Uganda) Limited, Quality Chemicals Limited and Steel Mills (Uganda) Limited for 10 years, but they have never come back to the Committee on Budget to explain. I think, these are the commitments the minister is talking about and we must question them. Who did that and who paid money for them to waive that? They should pay.

**THE SPEAKER:** Honourable members, I think in the report, they were talking about counterpart funding; that cannot be a secret. Counterpart funding is part of the budget. If you are exempted on counterpart funding, then come here and bring us the information.

**MR BAHATI:** There is nothing that we are hiding. We shall bring all the agreements and details because whatever we are doing is in the interest of the development of the country. On Thursday, we shall bring all these details.

**MR OKUPA:** Together with the issue of the tariffs.

**THE SPEAKER:** Honourable members, I have just one more matter. Earlier, we had an issue on Supplementary Expenditure Schedule No. 3. The minister laid it on the Table today for a total of Shs 369,900,061,265 meant for the Ministry of Defence and Veteran Affairs. He also informed this House that they had earlier, on 26 April 2018, submitted an addendum to the Supplementary Schedule No. 2 for financial year 2017/2018 for vote 012, Ministry of Lands, Housing and Urban Development, of Shs 7.3 billion. This brings the request to Shs 377.2 billion.

When this supplementary schedule was laid on the Table, an issue arose as to which committee it should be referred to. I have studied the Constitution and the Rules of Procedure of Parliament and this is my ruling:

The Rules of Procedure of the Parliament of Uganda, under rule 170 (3)(l), mandate the standing Committee on Budget to carry out such functions relating to the national budget as may be assigned to it by the House. A supplementary schedule, if approved by the House, is an amendment of the approved national budget as passed by this House in May 2017.

I have analysed the situation at hand and I refer the supplementary expenditure to the Committee on Budget for scrutiny for the following reasons:

1. The Committee on Budget, under rule 170(2), comprises of chairpersons of standing and sectoral committees as *ex officio* members.
2. The Committee on Budget, under rule 170(3)(k), is mandated to consider the national budget, compile amendments and report to the House.
3. In the event that the sectoral committees have any concerns regarding the supplementary requests, such concerns can be properly articulated by the chairpersons who are by virtue of rule 170(2) *ex officio* members of the Committee on Budget.

In view of the limited timelines before the current budget lapses, the Committee on Budget is directed to expeditiously scrutinise the schedule and its compliance with the relevant laws and report back before the expiry of the current financial year.

Honourable members, I would like to thank you. We cannot go any further because we need to release our friends to go and break their fast. House adjourned to tomorrow at 2.00 p.m.

*(The House rose at 7.12 p.m. and adjourned until Wednesday, 23 May 2018 at 2.00 p.m.)*