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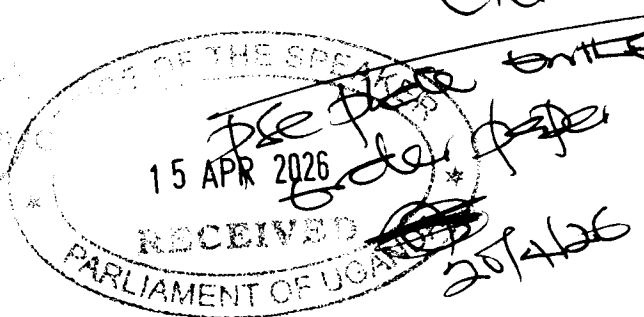
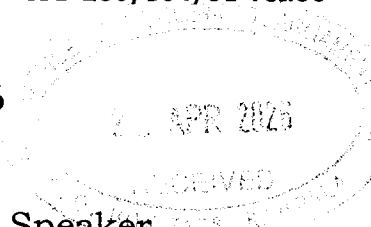


Ministry of Finance, Planning &  
Economic Development,  
P.O. Box, 8147  
Kampala, Uganda

TPD 280/304/01 Vol.56

April 2, 2026

The Rt. Hon. Speaker  
Parliament of Uganda  
**KAMPALA.**



**RECOMMENDATION FOR WAIVER OF PAY AS YOU EARN LIABILITY FOR CARE INTERNATIONAL IN UGANDA (1000119791)**

Pursuant to Section 43(1) of the Tax Procedures Code Act Cap 343, Uganda Revenue Authority (URA), vide letter Ref: URA/CG/10.0 dated January 5 2026 (copy attached), has recommended waiver of Pay As You Earn (PAYE) arrears amounting to **UGX. 2,130,187,090** owed by Care International in Uganda. The arrears arose from the payment allocation rule as per section 38 of the Tax Procedures Code Act in 2020 (now section 41), where the Tax payer's payment was allocated towards accumulated interest, rather than exclusively clearing the agreed principle tax.

Section 43(2) of the Tax Procedures Code Act Cap 343, provides that where a taxpayer's case is referred to the Minister by URA and the Minister is satisfied that the tax due cannot be effectively recovered, the Minister shall, with the approval of Parliament, remit in whole or part the tax payable by the taxpayer. This Ministry is satisfied with URA's submission that the tax due, as highlighted above, cannot be effectively recovered.

The purpose of this letter is to seek Parliament's approval to waive the aforementioned tax liability, in accordance with the law.

Matia Kasaija (MP)  
**MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT**

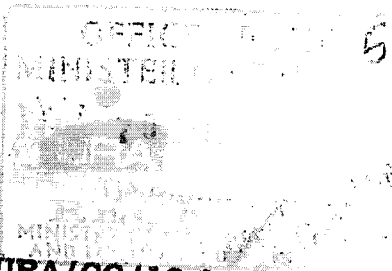
The Clerk to Parliament, The Parliament of Uganda

c.c. Director, Care International in Uganda

DC/PA  
Please handle  
DC

**Mission**

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"



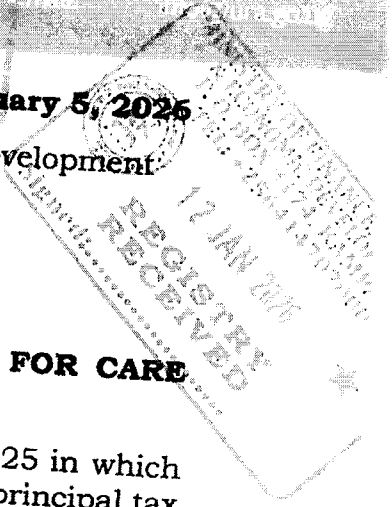
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URA/CG/10.0

DISPATCHED

January 5, 2026

Honourable Minister of Finance, Planning and Economic Development  
 Ministry of Finance, Planning and Economic Development  
 Plot 1-12, Apollo Kaggwa Road  
 P O Box 8147  
**KAMPALA**



**RECOMMENDATION FOR WAIVER OF PAYE LIABILITY FOR CARE INTERNATIONAL IN UGANDA (1000119791)**

Reference is made to the taxpayer's letter dated June 25, 2025 in which the taxpayer requested for allocation of tax paid towards the principal tax and the remission of interest.

We hereby submit this recommendation for remission in respect of Pay As You Earn (PAYE) liabilities assessed on Care International in Uganda totalling to UGX. 2,130,187,090.

**Background**

Care International in Uganda was audited for PAYE compliance in respect of expatriate staff for the period June 2007 to June 2017. The audit resulted into additional PAYE assessments totalling UGX 3,762,794,162, comprising principal tax of UGX 1,992,639,380 and interest of UGX 1,770,154,783.

The taxpayer objected to the assessments, and following the objection decision, the matter was escalated to the Tax Appeals Tribunal. In the course of dispute resolution, the taxpayer proposed to fully settle the assessed principal tax in exchange for URA recommending remission/waiver of the related interest, to allow the matter to be resolved out of court.

By URA's letter dated February 11, 2020 the Authority accepted the proposed settlement terms, requiring immediate settlement of the outstanding principal tax and undertaking to consider recommending the remission of interest in accordance with Section 40 of the Tax Procedures Code Act at the time (*now Section 43*).

The taxpayer subsequently paid the full principal tax amounting to UGX 1,992,639,380, thereby fulfilling its part of the agreed settlement.

**Application of Payment Allocation Rules.**

At the time of payment, Section 38 of the Tax Procedures Code Act (*now Section 41*) required that payments made be automatically applied to the

earliest tax liabilities on the ledger, prioritising principal tax, penal tax, and interest in that order.

As a result of this statutory allocation, the payments made by the taxpayer were also automatically applied towards accumulated interest, rather than exclusively clearing the agreed principal tax liability.

Consequently, after application of the payment allocation rules, the taxpayer's PAYE position for the period assessed stands as follows:


<b>Period</b>	<b>Principal Due</b>	<b>Tax</b>	<b>Interest Due</b>	<b>Total Due</b>
Jun 2007- Jun 2017	1,797,274,689		332,912,401	2,130,187,090

This outstanding balance does not arise due to non-compliance, but rather from the statutory allocation mechanism, despite the mutual intention of both parties that the payments settle principal tax as a condition precedent for interest remission.

**Recommendation.**

In view of the above, and in fulfilment of URA's commitment made to the taxpayer, we recommend remission/waiver of the outstanding PAYE liability amounting to UGX 2,130,187,090, in accordance with Section 43(1) and (2) of the Tax Procedures Code Act, 2014.

"Developing Uganda Together"

  
John R. Musinguzi  
**COMMISSIONER GENERAL**

Copy: Commissioner Domestic Taxes  
Uganda Revenue Authority  
Commissioner Legal Services and Board affairs  
Uganda Revenue Authority  
Director, Care International in Uganda  
The Partner, AF Mpanga Advocates