**Friday, 12 September 2014**

*Parliament met at 10.11 a.m. in Parliament House, Kampala.*

PRAYERS

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

*The House was called to order.*

COMMUNICATION FROM THE CHAIR

**THE DEPUTY SPEAKER:** Honourable members, I welcome you to this sitting. Today, we will be rising at exactly mid-day to allow our Muslim colleagues to go for their prayers.

Honourable members, we still have a lot of business and we have not even finished with one Bill out of the many. There are about eight Bills that we need to finish before we complete the budget process and so we need to double our speed. We have done very well but there is still a lot to be done. I thank you for the efforts so far. *(Applause)*

BILLS

COMMITTEE STAGE

THE FINANCE BILL, 2014

**THE MINISTER OF STATE FOR TRADE, INDUSTRY AND COOPERATIVES (INDUSTRY) (Dr James Mutende):** Mr Speaker, as you can see, there has been a bit of a hold up and the Minister for Finance is on her way. If you gave her a few minutes, she will be here to present.

**THE DEPUTY CHAIRMAN:** Why didn’t you say that before we came to the committee stage?

**DR MUTENDE:** My apologies.

**THE DEPUTY CHAIRMAN:** We agreed that we are starting at 10 O’clock and I do not know whether their clocks and watches are different from the ones that we have. Mine says it is past 10.00 O’clock.

**MS ANYWAR:** Mr Chairman, thank you for the opportunity. At the beginning of this week, you directed and guided that we shall be transacting serious business starting from 10.00 a.m and for Friday, it will end at midday. We are concerned about the absence of the Executive in whose major interest we are handling these transactions. Wouldn’t it be procedurally right, that the Government Chief Whip is directed to whip and caution the minister to be here so that we are able to complete the business of the House as it is scheduled? I thank you.

**THE DEPUTY CHAIRMAN:** We adjourned this House to 10 O’clock, it is past 10 O’clock and yet there is business to be done. Are you prepared to move the motion?

MOTION FOR THE HOUSE TO RESUME

10.15

**THE MINISTER OF STATE FOR TRADE, INDUSTRY AND COOPERATIVES (INDUSTRY) (Dr James Mutende):** Mr Chairman, I beg to move that the House do resume and the committee of the whole House do report thereto.

**THE DEPUTY CHAIRMAN:** Honourable members, the motion is for the House to resume.

*(Question put and agreed to.)*

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

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

10.15

**THE MINISTER OF STATE FOR TRADE, INDUSTRY AND COOPERATIVES (INDUSTRY) (Dr James Mutende):** Thank you, Mr Speaker. I beg to report that *– (Laughter) –* the House did not consider any clause because of the absence of the substantive Minister for Finance. I beg to report.

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

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

*(Question put and agreed to.)*

*Report adopted.*

**THE DEPUTY SPEAKER:** The Sergeant-At-Arms should ring the bell for 15 minutes. The House is suspended for 15 minutes.

*(The House was suspended at 10:16 a.m.)*

*(On resumption at 10.00 a.m., the Deputy Speaker presiding\_)*

BILLS

COMMITTEE STAGE

THE FINANCE BILL, 2014

Clause 1

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

*(Question put and agreed to.)*

*Clause 1, agreed to.*

Clause 2

**MR EKANYA:** Mr Chairman, I have a minority report and I beg to move that clause 2 be deleted from the Bill.

**THE DEPUTY CHAIRMAN:** Honourable members, is the motion seconded for deletion of the clause? It is seconded by the Members for Kabale, Dokolo and Kitgum districts. *(Member rose-)* - no, these are Bills. Clause 2 is the amendment to the Uganda Communications Commission Act, 2013; that is the issue of 2 percent - splitting it into two; 1 percent to Finance and 1 percent to the communications commission. It is a proposal that it should be deleted and the 2 percent be retained by the Uganda Communications Commission. The effect of deleting it would be that*.*

**MR SSEBUNYA:** Mr Chairman, this is an important levy. The Ministry of Finance wants to retain 1 percent to Finance. The rest of the budget we have already agreed with most of the proposals made by the different sectors. So, for Government to lose this money would mean that most of the items that have been assigned to partake of this money will be unfunded. So, I pray that this clause remains part of the Bill.

**MR MATIA KASAIJA:** Mr Chairman and colleagues, I will begin from what I may call a negative point. The performance of our revenue collection by URA as we speak today is already under-performing by Shs 60 billion. So, I am appealing to the House that much as we don’t want to tax people unnecessarily, at the same time, we have to raise revenue if we have to meet the expenditures. The expenditure side has more or less already been looked at and in most cases, there are increases. So, if we disagree on the tax measures that are meant to raise revenue, then we have a challenge before us.

So, I suggest that this item remains. My senior minister yesterday ably communicated to this House that we should not – because UCC has not had the capacity to absolve. Yes, we agree we have a problem with the board that was put in place in due course. But at least for this financial year, I suggest that you strongly recommend that this clause be maintained. The 1 percent remittance by UCC should be made to the consolidated fund in order to ensure that our revenue balances with expenditure. I beg to move.

**THE DEPUTY CHAIRMAN:** Honourable members, I put the question–

**MR KYEWALABYE:** Mr Chairperson, the question you want to put is that we delete clause 2 –

**THE DEPUTY CHAIRMAN:** Delete.

**MS TURYAHIKAYO:** Mr Chairman, I thank you for this opportunity. I would like to support that this clause be deleted for one reason: That as a committee, when we were making this law, we did it for a purpose when we added the 1 percent levy. We have had so many unfunded priorities under the ICT sector and that is the reason we added this extra 1 percent. And for the Ministry of Finance, which is responsible for mobilising resources, when they fail and they turn around to take away the 1 percent, then what will happen when they take away this levy? We did it for a purpose. It is just one year down the road when we put in place this levy.

They were just in the process of working on the regulations and the issue of the board is a matter to do with the Executive. Therefore, I am pleading that we give UCC time so that they can be able to utilise this funding because it is not only going to be utilised by UCC; we have NATU which is in place; we have so many programmes and very important activities where we require this funding. I thank you, Mr Chairman.

**MR BALIDDAWA:** Thank you, Mr Speaker. I am also rising to support the decision of the clause in the Finance Bill. For one reason, I plead with honourable colleagues that we should separate two things - the governance issues of UCC for the real reason why this levy was introduced. Governance issues in UCC are not different from the governance issues in all ministries. This really cuts across. This additional levy that was put in the UCC (Amendment) Bill was intended to benefit the unfunded projects within the IT sector. There are so many and I can name a few. There is establishment of the tribunal to arbitrate in the ICT sector. There is establishment of the National ICT Intelligence System and so many others. I find it contradictory of the Executive to turn around and say they want that money taken to the consolidated fund yet ICT is one of the priorities in this country.

Honourable chairperson, the problem that we have of corruption in this country emanates from not having enough good ICT infrastructure, which would enable ISMS to go to local governments. Right now, we don’t have last mile connections to districts and this is where this money is going to go. Mr Chairman, I find it strange. Ministry of Finance has never come to this Parliament to propose an additional levy. It was the committee itself, from our own innovation, who convinced the telecourse which was not easy to agree on the additional 1 percent levy.

The Ministry of Finance was sleeping; they did not have any clue on how they can raise more money. Even right now, they are talking about a shortfall in revenue collection. Ministry of Finance should be innovative. You should not wait for the committee to look for money for you. You have a whole range of staff who should be looking for additional revenue.

So, Mr Chairman, I want to plead with the House that this additional levy be left where it was intended and we give time to the Executive to really sort out the mess if there is any mess. For example, regarding the lack of boards, we should not be victimised because there is no board. That is an Executive role. Thank you.

**MR NANDALA-MAFABI:** Thank you very much, Mr Chairman. I know where the impasse is coming from. But as Parliament, we should always read our reports before we come. I am aware that my brother who has just left the Floor was a Chairperson of the ICT Committee and he has been raising the issue of the Board in UCC. Last year, I recall that when there was the ICT report presentation on the Floor here, the Minister of ICT got up and said, “Give me one month and the board will be in place”. It is the same members of the ICT committee who should have insisted that the minister puts a board in place that are now saying, that there is no problem; these are governance issues and we can handle them. Why turn back on your report, which we put on the Floor?

Mr Chairman, currently what is happening in UCC is that the chairman of the board is the minister, Eng. Nasasira, the vice-chairman is hon. Nyombi and the secretary to the board is the executive director. You can see how they are managing the resources, which we are talking about.

The issue of governance is a very important issue. The money is there lying redundant, maybe because the board did not plan for us to appropriate. I remember yesterday when the Ministry of Finance said something very important, that appropriation is the role of Parliament. Even a board should - in fact, as we were making the Public Finance - even these parastatals are ours. Even if the board has sanctioned something they are going to do, it should come to Parliament and we deal with it.

In addition, all excess monies on the accounts of every parastatal should be returned to the consolidated fund at the end of the year. Why should people have excess money and mismanage it at our expense?

Mr Chairman, I know these Members are saying that UCC does not have money. I can tell you that there is a lot of money available and lying redundant. So I want to provide a way out by stating one thing that we can do; if you are worried that the money is going to get lost, we can take this money and ring fence it – (*Interjections*) - yes, listen to me. You do not have figures. I have the figures of collection. None of you has collection figures. I have them here in the accounts of the Auditor-General, which clearly show how much is being collected.

The person who said Shs 20 billion is lying. The money collected by UCC is over Shs 70 billion per year. You have not read the figures, you better look at them.

So, Mr Chairman, to avoid everybody’s worry and again I want to correct this - when money goes to the Consolidated Fund, it is not the Ministry of Finance, which mismanages it. It is Parliament to authorise them on how to spend it. Now if an entity mismanages the money we have given, it is not the Ministry of Finance, which has mismanaged. It is the entity we gave the money, which has mismanaged it.

So, Mr Chairman, I am buying the idea that appropriation is the role of Parliament. We must appropriate the money for all government parastatals. I want to propose a win-win for those who are worried. Instead of excess money lying in Stanbic Bank or in Orient Bank, let it be in Bank of Uganda so that if we go to borrow money from Bank of Uganda as Government, the interest rate will be zero but the money will be for that institute. If they want their money, they will pick it - *(Interruption)*

**MR SSEBUNYA:** I just want to give him some information. This is a Finance Bill, which is done annually. If we find that next year UCC is falling short of funds and they need this money to spend on something that we have approved, then we shall overturn our decision. But this time, Government does not have enough resources to finance the budget.

**THE DEPUTY CHAIRMAN:** Please honourable, conclude.

**MR NANDALA-MAFABI:** Mr Chairman, I am looking at two things as an accountant and economist at the same time. We put money on a fixed deposit and earn 5 percent. We go to borrow money when there is deficit financing and borrow it at 17 percent. It means the people of Uganda are paying 17 percent yet they would have saved it if there was money in the Central Bank.

What I am trying to say is that the money under UCC is our money. We want to remove this money from these commercial banks and put it in the Central Bank. That is what I want to come up with. We ring fence that money. If Finance wants the money for borrowing now - I am now looking at the Finance issue that the interest rate will not apply because you will be borrowing from your own account in Bank of Uganda but when the owner of the money wants it, it will be available. That is one.

Two, appropriation -

**THE DEPUTY CHAIRMAN:** Please honourable –

**MR NANDALA-MAFABI:** Mr Chairman, I want to finish. I am saying something that can help us. The moment you have people appropriating on their own, it is the worst thing. Why? Because they will appropriate as they want –*(Interruption)*

**MR EKANYA:** Mr Chairman, people are trading on false information. I have here a copy of the audited accounts of UCC and it shows a balance of only Shs 2 billion. So people are trading false information on the accounts. This is 2013 and by the Auditor-General.

Also for hon. Nandala-Mafabi to say we are not taking money for example to Kigali - the money will remain within the sector. ICT is a compulsory subject for “O” level for our children and this is the only institution that gives computers to rural schools. How do we compete with urban schools? Do you want the children in rural areas to become thieves in the future when they fail ICT? Therefore, Mr Chairman, I beg that you put the question that this clause be deleted.

**MR NANDALA-MAFABI:** Mr Chairman, I gave my brother the chance to give me information and now he is saying he moves. This is very dangerous. Now I know you.

Mr Chairman,I want -

**THE DEPUTY CHAIRMAN:** Please give the House the opportunity to debate this matter.

**MR NANDALA-MAFABI:** Okay. Cash and cash equivalents. On the accounting day of 2013 - hon. Ekanya, if you are saying it is Shs 2 billion you are lying. It is Shs 44,068,324,446. Why are you running away? I am giving you the right figure from the balances. The tradables and receivables from the same balance sheet of 2013 are Shs 25,287,000,000. Investment is Shs 39.096 billion. Grant expense is Shs 30.963 billion. These are from the accounts. I do not know where he got the accounts; he must have prepared his own accounts.

So Mr Chairman, what I am trying to say is that for purposes of us moving - I know we want to save UCC but I want this money safeguarded and the way it will be safeguarded is to have it ring-fenced in the Central Bank for purposes of ICT.

**GEN. TUMWINE:** Thank you, Mr Chairman. I stand to add my voice on the importance of achieving the purpose. There are three things: the principle, the purpose and the management. We must have a forward movement; not to go forward and then backward**,** around in circles. The urgent thing in this country now is to use ICT to drive governance *– (Applause) –* and the reason that brought about the 2 percent was to ensure that the wholecountry is empowered towards ICT. Our children read on computers more than yesterday.

Now, if you take the example of sending your child to school; you pay school fees, but the child is not performing well; do you withdraw the school fees or you find ways to improve the child’s performance? You add more money actually. So, Mr Chairman, this matter shows that we are using our reasons to go backwards.

On the issue of management – and I like it when people say, “Parliament should have control”, I agree with that. The best way Parliament can control and ring-fence this money is when it is put where Parliament can closely supervise it and the committee of ICT is using all its efforts to ensure that there is a board; to ensure all the monies are accounted for; to ensure there are computes and they reach the people. That is the power we have as Parliament than sending it to the consolidated fund where we have no control *–(Applause)–* I therefore think that we have no choice; we either support promotion of ICT or just abandon the whole affair.

**MR OBUA OGWAL:** Thank you, Mr Chairman. When we kicked off the debate on the policy statements of ministries, I represented the shadow minister of ICT in responding. I remember this was an issue on which for the first time ever I hit this podium when emphasising that this is an issue we must resist; the issue of removing this money from the consolidated fund.

The reason is clear; I belong to the ICT Committee and we have moved all over the country monitoring how UCC is trying its best to ensure that our schools have computers. On that basis, we felt that we needed to increase the levy. Hon. Ekanya put it very clearly that our schools need computers because computer has become compulsory at O’Level. I know how our finance ministry and treasury operate. So if these monies are sent to the treasury, we may not see it again. That is why we maintain very strongly that this money must remain with UCC and I beg to move that *– (Member timed out.)*

**MR OKOT OGONG**: Mr Chairman, I want to support hon. Ekanya that this clause be deleted *– (Applause) –* for the basic reason that we need to develop ICT in our country. As you are aware, the whole world is becoming one through ICT. Therefore, our rural people; our voters must be connected.

Mr Chairman, maybe you will guide; this was a levy that was in the UCC Act. Can we use the Finance Bill to amend an Act of Parliament, because it was already a levy in the Act which was passed by Parliament? We cannot go through the other door and use another Bill to amend a Bill that is already in the Act. I think that is illegal and Parliament should not approve it –

**THE DEPUTY CHAIRMAN:** No, it would still be the same Parliament doing that.

**MR OKOT OGONG:** Okay, but it is going through the back door which is not appropriate. *(Applause)*

Mr Chairman, I remember, when I go to my schools in Dokolo, most of my secondary schools are connected – they have many computers; they are even connected to the net. The people of Dokolo can now log in anywhere; if they want to see Obama or what is said in the congress; they are now connected because of UCC. Therefore, they are doing a good job and this money should remain there.

You also remember that the Ministry of Finance also has some financial indiscipline. We in Parliament are not happy with the way they spend money. The Ministry of Finance must also be handled. Therefore, I want to oppose the suggestion by my honourable friend, Nandala-Mafabi, that the money should go to the consolidated fund. This will actually undermine the performance of the UCC and will also undermine our vision as a country. As leaders, we need ICT to penetrate not only schoolsbut also to our rural people. Therefore, I support the motion that *– (Member timed out.)*

**MS AKOL:** Mr Chairman, I am a member of the committee but I thought I need to guide the House on this. Honourable members, we are dealing with two items that must be balanced. A minister of Finance has brought to us this Tax Bill which forms the revenue side to fund the expenditure and those are the various items that we have been dealing with. I believe that as Members of this House, we have been watching the debate. We have all been looking for extra resources.

Now, UCC – we have interacted several times with the ED himself at committee level and he has accepted that he needs only one percent. The other one percent is extra *–(Interjections)–* I am a member of the committee of Finance, I am well informed.

There are entities; statutory bodies in Government that are managed by COSASE that should be providing or earning revenue for the state. All those statutory enterprises under the committee on COSASE are meant to be the revenue arm of Government that earn resources.

Now, UCC is one of them; URSB is one of them and I believe in future, the procedure should be, we start with the revenue side and see how much we can get from there before we tackle expenditure. Honourable members, with this one, if you are going to disallow the 1 percent from going to the consolidated fund, the immediate step you should know is that we must cut all expenditures that were passing here across the board because if we cannot find the funding, then we must cut expenditure to balance the budget. That is what I wanted to tell you.

**THE DEPUTY CHAIRMAN:** Honourable members, can we move forward on this issue? Minister, give a final appeal.

**MR KAJARA:** Thank you, Mr Chairman. Mr Chairman, governance issues aside, why does Parliament appropriate? We appropriate for many reasons, including for accountability, for transparency and for equitable distribution of resources.

People are talking of investments that have been made in the ICT sector. Mr Chairman, I want to inform this House that all the investments that are in that sector have bene financed, either through the consolidated fund or through borrowing by government. It is for that reason that – what is the composition of the consolidated fund? We get money from taxes; tax revenues. We also get money from non-tax revenues including levies such as what we are considering now. But we also get money through loans and grants. All this money is consolidated before we appropriate it in this House. That is why we are advocating, Mr Chairman, that we need ICT.

But as you know, ICT is just one sector. But we need classrooms because we need to support education. We need electricity via rural electrification so that IT can be operationalised. We need water and salaries for teachers. That is why, as Government, we are moving towards getting all this money into the consolidated fund for us to prioritise terms of roads, education, ICT –*(Interjections)*– I will give you room but let me just close.

Mr Chairman, as we speak – the hon. Rose Akol has just said that we just submitted the budget to this Parliament, this levy being part of that. It is part of our estimated revenue to be appropriated for expenditure. So, for us to come here and say, please remove this money and give it directly to one sector would disable our budget and it won’t balance. If we don’t appropriate this levy, the budget will not balance and we might have potential problems of balancing it.

**THE DEPUTY CHAIRMAN:** Honourable members, the motion is for the deletion of clause 2 of the Bill. I now put the question to that amendment that proposes deletion of this clause and of course, you know the implications of deleting it. I now put the question that clause 2 of the Bill be deleted.

(*Question put and agreed to.)*

*Clause 2, deleted.*

Clause 3

**THE DEPUTY CHAIRMAN:** I put the question that clause 3 stand part of the Bill.

*(Question put and agreed to.)*

*Clause 3, agreed to.*

*Clause 4, agreed to.*

*Clause 5, agreed to.*

*Clause 6, agreed to.*

*Clause 7, agreed to.*

*Clause 8, agreed to.*

*Clause 9, agreed to.*

*The Schedule, agreed to.*

*The Title, agreed to.*

MOTION FOR THE HOUSE TOP RESUME

11.04

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

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

*(Question put and agreed to.)*

*(The House resumed, the Deputy Speaker presiding.)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

11.05

**THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr Matia Kasaija):** Mr Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Finance Bill, 2014” and passed it with some amendments. I beg to move.

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

11.06

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

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

*(Question put and agreed to.)*

*Report adopted.*

BILLS

THIRD READING

THE FINANCE BILL, 2014

**MR MATIA KASAIJA:** Mr Speaker, I beg to recommit clause 2 of this Bill.

**THE DEPUTY SPEAKER:** Can you give your reasons?

**MR MATIA KASAIJA:** Mr Speaker, I think we took a decision without receiving all the arguments.

**MR OKOT-OGONG:** Mr Speaker, I have been here and very attentive when Members were debating the deletion of clause 2 of this Bill. I can say that Members submitted very many reasons under the guidance of the able Speaker. But I am worried that my minister is now undermining the competence of the honourable Members of Parliament to the extent that he is now saying that we have passed this clause with ignorance. Is the honourable minister in order to undermine the capacity of Members of Parliament debating this Bill?

**THE DEPUTY SPEAKER:** Honourable members, I was in the chair. I heard the submissions from the Member for Budadiri West; I heard the submissions from the Member for Bukedea; I heard the submissions from the chairperson of the committee; I heard the submissions from the honourable Minister of State for Finance, actually two ministers articulated those issues. The House took the decision based on those discussions from both sides of the House. The House was fairly briefed on both sides. *(Applause)* Therefore, to say that the House took a decision without proper information is to simply say that the minister failed to convince the House. *(Applause)* So, you are not in order, honourable minister*. (Applause)*

Yes, you have proposed the motion that we recommit clause 2 of the Bill. He has justified it. I now put the question to the recommittal.

**MR MATIA KASAIJA:** Mr Speaker, by deleting this clause, it means reducing the revenue side of the budget. The proposal by the Executive on the revenue side has taken into account this provision already. We are not proposing that this retention - the sending of the 1 per cent to the Consolidated Fund - is going to be forever; we are only saying for this particular financial year.

Thirdly, my minister made a very clear statement yesterday that as Parliament, we do not have to abdicate our power to appropriate –*(Interruption)*

**MS CECILIA OGWAL:** Mr Speaker, you and the seven of us were in the House by 10.15a.m - others arrived afterwards - and this House was engaged in detailed debate on the subject. The point that the minister is raising has been raised by a couple of other members including members that we respect so much in accounts, like hon. Rose Akol and the former LOP. Whatever he is telling us now was already stated and I can only advise him to read the *Hansard* rather than take us back again to start another debate.

Is it therefore in order for the minister try and smuggle another debate when we have already finished debating those issues about the revenue side, the expenditure side? We have dealt with all those issues and we have fully understood. These are very competent members who have gone to school; their qualifications were vetted before they were nominated to stand, including you and I. Is this member in order to continue implying that we are not educated and we have to understand the issue?

**THE DEPUTY SPEAKER:** Honourable members, there is no law that stops a Member of Parliament from trying all ways possible to be heard, especially when the rules allow the member to do so. I think the minister is making one final effort to persuade the House. So, I cannot rule him out of order. He had the moment; let him give his side. Have you finished?

**MR KASAIJA:** Thank you so much, Mr Speaker, for that ruling. Thank you for giving me an opportunity to try to persuade this House to see things according to my view.

Of course, the collections for July and August have already been sent to the Consolidated Fund. It is within our law because this (b), if we pass it, is meant to have taken effect on the 1st of July.

Finally, we are not against ICT - I want to make this absolutely clear. We are in for it. We want every Ugandan to be ICT complaint so that doing business becomes a lot easier. However, we are saying that at this material time in this financial year, rather than having this money go on a fixed deposit account, let it come to the Consolidated Fund and we use it to build the schools which you are talking about, provide water, roads as you appropriate in this Parliament. Next year, we shall then be able to revisit our position.

**GEN. TUMWINE:** Mr Speaker, I have listened and we have all listened to a repeated unsubstantiated allegation that this money we are going to use for ICT is going to sit on a fixed deposit account when it is not the case. It is as if it is going to stay there doing nothing when there is already an establishment of what this money was supposed to do to develop and promote ICT in the whole country.

Is it in order for the minister to continue saying this money is going to sit and it will not do its work, when we know what work it is going to do? The whole Parliament is here and its committee to ensure that this money does that work and is for that the purpose. Is he in order?

**THE DEPUTY SPEAKER:** That was a rebuttal to what the minister said; it is not so much a point of order, General.

Honourable members, let me put the question to this *– (Mr Nandala-Mafabi rose\_)* - Honourable member, you should be careful about whatever you are going to say because this entire budget process could be messed up if what you are going to say is what I suspect you are going to say. Please, let us be reasonable.

Honourable members, I put the question for recommital of clause 2 of the Bill.

*(Question put and negatived.*)

BILLS

THIRD READING

THE FINANCE BILL, 2014

11.18

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Matia Kasaija):** Mr Speaker, I beg to move that the Bill entitled “The Finance Bill, 2014” be read for the third time and do pass.

**THE DEPUTY SPEAKER:** Honourable members, the motion is that the Bill entitled “The Finance Bill, 2014” be read for the third time and do pass.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED “THE FINANCE ACT, 2014”

**THE DEPUTY SPEAKER:** Congratulations, honourable minister and chairperson.

BILLS

SECOND READING

THE EXCISE DUTY BILL, 2013

**MR NANDALA-MAFABI:** Mr Speaker, yesterday, we agreed that the Excise Duty Bill would be the last one; I do not know whether we have changed the order.

**THE DEPUTY SPEAKER:** Honourable member, I had consultations with the technical people and the committee clerk. I am advised that if we pass the Excise Tariff (Amendment) Bill, then we still have to pass the same Bill. So, we will have to handle two Bills, and yet if we pass this particular Bill – the Excise Duty Bill- it will take care of this particular Bill. So at an appropriate time this particular Bill will be withdrawn. So instead of doing double work, we can as well do this one which will handle whatever is in this one. That is what I was advised. So let us proceed with this Bill.

11.20

**THE CHAIRMAN, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Robert Kasule Ssebunya):** Thank you, Mr Speaker. This is a report of the Committee of Finance, Planning and Economic Development on the Excise Duty Bill, 2013.

Mr Speaker and honourable members, permit me to present this report. I will start with the observations.

Consolidation of the Management of Excise Duty in Uganda

Mr Speaker and honourable members, you will recall that in our report on the East African Excise Management (Amendment) Bill, 2013, the committee made the following observation and recommendation:

*“Review of the East African Excise Management Act, Cap. 28*

*While the title of the Act indicates that this is an East African Community legislation, this is not the case. Uganda has two laws governing excise duty: One, the East African Excise Management Act, Cap. 28, for the management of excise duty; and two, the Excise Tariff, Cap. 338, for the rates of excise duty.*

*The East African Excise Management Act lacks comprehensive provisions on how excise duty is collected. The definitions in the Act are not comprehensive enough and do not reflect technological advancement in provision of services, for example in the telecommunication sector. This has caused a grey area in the determination of the applicable tax rates.*

*The committee observes that this amendment should have been a total overhaul of the entire Act and a consolidation of the two Acts to provide for the management and rate of excise duty. This will help taxpayers understand their obligations and rights with clarity.*

*The committee recommends that Government should make a commitment as to when a consolidated Bill on excise duty will be tabled before Parliament.”*

The committee commends Government for taking up this recommendation and subsequently introducing the Excise Duty Bill, 2013. The object of the Excise Duty Bill, 2013 is to revise and repeal the East African Excise Management Act, Cap. 28 and the Excise Tariff Act, Cap. 338, and to provide for related matters.

The Excise Tariff (Amendment) Bill, 2014

Mr Speaker and honourable members, permit me to point out to the House that despite the introduction of the Excise Duty Bill, 2013 on 14May 2014, the ministry introduced the Excise Tariff (Amendment) Bill, 2014 on 15July 2014, the object of which is to amend the schedule to the Excise Tariff Act, Cap. 338. Mr Speaker, please note that the Excise Duty Bill, 2013 seeks to repeal the Excise Tariff Act, Cap. 338.

The committee, therefore, observes that for proper management of excise duty in Uganda, the provisions of the Excise Tariff (Amendment) Bill, 2014 should have proposed amendments to the Excise Duty Bill, 2013. Therefore, the committee has examined the two Bills - the Excise Duty Bill, 2013 and the Excise Tariff (Amendment) Bill, 2014. The committee now recommends that Parliament considers this report as such, that we consider the two Bills together.

Mr Speaker and honourable members, if and when the House adopts this recommendation, we will present the report as we are doing so. The committee recommends that Parliament considers these proposed amendments to the Excise Duty Bill. Please, note that these are largely the provisions of the Excise Tariff (Amendment) Bill, 2014.

Registration of Manufacturers, Importers and Providers of Excisable Goods and Services

Clause 4 provides that a person wishing to manufacture excisable goods, import excisable goods or provide excisable services shall apply to the commissioner for registration. The committee observes that there are proposals to harmonise, coordinate and streamline tax procedures under the Tax Procedures Code Bill, 2013, which is currently waiting parliamentary approval and is in the committee. This is clearly provided for in clause 4 of the Tax Procedures Code Bill, 2013.

Clause 2 of the Tax Procedures Code Bill, 2013, provides that the Tax Procedures Code Act shall apply to the Excise Duty Act.

The committee recommends that all registration related procedures should be handled under one piece of legislation to aid tax administration and compliance.

Licence for Premises

On the matter of licence for premises, clause 6 provides that a registered person shall apply for a licence for premises in which the manufacture, provisions or dealing in excisable goods or excisable services takes place.

The committee is concerned that this provision gives too much discretion to the Commissioner General and creates an additional regulatory centre for manufacturers. The committee has studied similar legislation within the region and found similar provisions. However, the committee recommends that the provision should be qualified to reflect that the mandate of the Commissioner General is only for tax purposes.

In conclusion, the committee recommends that the Bill be read for the second time, subject to the proposed amendments. I beg to move.

**THE DEPUTY SPEAKER:** Thank you very much, honourable chairperson. Honourable members, the motion is that the Bill entitled “the Excise Duty Bill, 2013” be read the second time. Is there a minority report on that?

**MR EKANYA:** Yes.

**MR SSEBUNYA:** Mr Speaker, I beg to state that there is a minority report attached to this report. It is by hon. Ekanya and I beg to move that he presents his minority report.

11.27

**MR GEOFREY EKANYA (FDC, Tororo County, Tororo):** Thank you very much, Mr Speaker, and I thank the chairperson. In accordance with rule 194, I beg to present a minority report.

I took part in the examination of the tax Bills of 2014. However, my opinions differ from the ones of the majority of the members on the Excise Duty Bill. I strongly oppose the item on schedule 2(b) that introduces a tax of Shs 200 on kerosene.

The justification

1. In some areas of Uganda, hospitals use kerosene lamps to perform operations on patients *– (Interjections) -* In Tororo, for example, because not all hospitals are connected to power. They use it to deliver babies and doctors use it to treat patients.
2. Children in rural schools use kerosene lamps to read and do their homework;
3. In agriculture, people use kerosene fridges to store drugs and inputs like vaccines.
4. The current price of kerosene is already high for most of its consumers.
5. Kerosene lamps are used to sell produce in markets and on the streets at night.

Therefore, I beg that this schedule be deleted from the Bill. I beg to move, Mr Speaker, and I thank you.

**THE DEPUTY SPEAKER:** The motion is that the Bill entitled, “the Excise Duty Bill, 2013” be read the second time. I propose that motion for your debate. However, I want to understand from the mover of the minority report whether this Shs 200 is additional or it was not there at all. Is it a new tax measure or it was in existence and they are enhancing it?

**MR EKANYA:** It is a new tax measure.

**THE DEPUTY SPEAKER:** So it was not there before.

**MR LUGOLOOBI:** Mr Speaker, it would appear that the honourable member is not adequately informed. This tax was there before and the idea now is to reinstate it. I just wanted to provide information that this tax was there before and the current initiative is to restore this tax.

**MR NANDALA-MAFABI:** Mr Speaker, as you are aware, I deal in fuel and I do not know why my brother said that this tax was there before. It is a new tax measure and hon. Goefrey Ekanya is giving reasons why it should be scrapped. He is saying that kerosene is used by the poor people.

**MR SSEBUNYA:** Let me give my committee member information. I have been on the finance committee for some years now and I know that it was Government that reduced that Shs 200 two years back. Government then realised that it did not make sense - the prices remained the same.

They tried to reinstate it last year and members argued otherwise. After looking at it again and realising that it has only benefitted the Nandalas and the prices did not go down, Government has again tried to reintroduce it now.

**MR NANDALA-MAFABI:** Mr Speaker, I want to make a correction; fuel is on the international market, so there is no benefit I got that you are talking about.

I want to give you one of the reasons why they brought the tax. They said that there was adulteration of kerosene on the local market. Usually, the people who adulterate it mix it with diesel; so the best is to make the price the same as diesel. So, either way, even if you have increased the price, it is still far below the price of diesel. So, adulteration should not be used as an excuse. Even UNBS –

**THE DEPUTY SPEAKER:** Hon. Mafabi, since you seem to have knowledge on this thing, ever since they withdrew the tax, has the price of kerosene changed? That is the point they are making.

**MR NANDALA-MAFABI**: Yes, Mr Speaker, it did *–(Interjections)–* I want to ask Members to do research. In Kampala, if you get a petrol station with a kerosene pump, you come and I give you money here. The pumps of kerosene are in *kyalo*. Members who are saying no, do not know; the pumps are in the villages.

I am raising this because the pump price –(*Interjections*)– Let me give way to my brother from Bulambuli because he knows what I am saying. *(Laughter)*

**MR WAMAKUYU:** Thank you, hon. Nandala, for giving way. He has made a pledge that if one could spot where they sell kerosene here, he would give them money.

I want to give him information that when you go to Total down here along Ben Kiwanuka Street, there is a station owned by hon. Nathan Byanyima. He tells me that is where people normally buy; they buy it from here and then they go with it home. I can walk and get that money, hon. Nandala.

**MR NANDALA-MAFABI:** Mr Speaker, I knew my brother would raise this –(*Interruption*))

**MR KAJARA:** Thank you, hon. Nandala, for giving way. When this excise tax was removed in 2010 financial year, we carried out research the next year in the ministry and we found out that there was no price movement downwards.

Secondly, as we speak, even today there is no evidence that imposing this excise duty will affect the price, arising from the assessment that we made. That is the information I have.

**THE DEPUTY SPEAKER:** Please, wind up.

**MR NANDALA-MAFABI:** I want to wind up. (*Interjections*) – Let me develop my point because I deal in this.

They are saying that when you sell, there is no change. If you have been selling 10,000 litres, now you should be selling about 5,000 litres. They have resorted to other means. It is cheaper to get *waragi* now and mix it with spirit and put in their candles. That is why people are getting burnt. If you are not aware, people are getting burnt as a result of improvising so that they can use their candles. So, I want to put across –(*Interruption*)

**MR LUGOLOOBI:** Mr Speaker, the Member holding the Floor is a member of the finance committee that tabled this report. Is he, therefore, in order to start debating the report?

**THE DEPUTY SPEAKER:** No, he is not in order.

11.36

**MS BETTY AMONGI (UPC, Oyam County North, Oyam):** Thank you, Mr Speaker. I expected the chairman to have laid on the Table the petition that was presented in his committee by the women civil society *-(Interjection)–* Yes, we actually have a civil society desk in Parliament, honourable, if you are not aware, and our Rules of Procedure allow petitions from the civil society.

The women brought a signed petition from the rural women all over Uganda – more than 10,000 signatures. Can the chairman lay the books on the Table? That is why I said I expected the chairman to have laid on the Table –(*Interruption*)

**MR SSEBUNYA:** Yes, we did receive the women with their petition, which was signed by so many, but they came when we had already made our report. We listened to them and we told them that we shall take our views to the Floor and if these views sided with their views, then they would have won. But if they go by their report, we will have won the day.

**MS AMONGI:** Yes, that is why I said at least you should have mentioned that you received that petition, because that petition came from the rural areas not Kampala –(*Interjections*)– No, I am better informed, honourable member.

The minister has talked about doing research. I would want the minister to lay on the Table that research which was done about the price two years ago, and desegregate that data in respect to increase of prices in urban areas vis-à-vis increase in prices in rural areas.

In my analysis, when I went to the village after the provisional collection order came into force and the Shs 200 was increased, the price in my village had gone up by Shs 250. Even if in Kampala the prices could still be the same, it is true that in rural areas the prices have increased.

So, the argument from the minister that this tax is to stop adulteration cannot hold true because those who are adulterating will still do it. It is still cheaper for them to buy and adulterate with diesel or petrol, which is higher in price. At the end of the day, the effect will not be felt by the business person who is adulterating either petrol or diesel but by the rural people down there.

If you wanted to achieve that argument actually, you would have made the prices the same with petrol and diesel. For you to think that when kerosene is Shs 2,800 or below Shs 3,000 it will stop adulteration, it is not true.

Secondly, adulteration is not stopped by increasing prices; it is stopped by UNBS doing their work. Why can’t they monitor? Why can’t they put their people there? Every time you go to a petrol station, you see a UNBS stamp there; what is the stamp doing if you are still saying there is adulteration? Are you telling us that UNBS is not doing its work? –

**THE DEPUTY SPEAKER:** Honourable member, I think the point is made. I think the ministers should help us; what was the justification for removing the tax in the first place two years ago? Have the reasons since changed? Why did you remove the tax in 2010? That would help us understand why you are bringing it now. Please.

**MR MATIA KASAIJA:** Mr Speaker and colleagues, the tax was removed in order to reduce price. That was the main reason. However, experience in the oil industry has shown - *(Interjections)* -Well, I do not have the details but I can bring the data later. Mr Speaker, can I finish my point?

**THE DEPUTY SEPAKER:** Please, let the honourable minister make his point; it will help us.

**MR MATIA KASAIJA:** When we increase the price say of petrol by 50 cents per litre, - I will just give this as a hypothesis case - a journey from here to Luzira may increase from Shs 2,000 to Shs 2,500 and yet the price of petrol has just gone up by only 50 cents. We have seen this.

Equally, when we removed the tax - I will even bring in the issue of water. One time we reduced the tax on water hoping that particularly in urban areas, the final consumer would pay a lower price; the price never went down. In actual fact, the prices remained the same. So our argument - *(Interruption)*

**MR OKOT OGONG:** Mr Speaker, I know the price of fuel is not controlled from Uganda, it is controlled internationally. When there is an international increase in the price of fuel, the impact will come to Uganda. Uganda will have increased by only Shs 50 but internationally, the price will have gone up by maybe Shs 1,000 or Shs 2,000.

That is why in Uganda today, the price of fuel is very high. Today it is Shs 2,400 and the next day it is Shs 3,700. It is not because you have increased by Shs 50; it is because of the international players. The minister must know that the price of fuel is not controlled from here; so you cannot say if you add Shs 50, it just remains Shs 50. You can add your Shs 50, then the price will increase from the international market and you will add that plus your Shs 50.

That is why transporters increase prices according to the increase in the price of fuel. Therefore, is it in order for the minister, who is well informed, to again misinform Parliament?

**THE DEPUTY SPEAKER:** Honourable members, I think it is almost common knowledge that the way the people of the market behave sometimes does not explain the measures we take. That is very true. There are times when you reduce taxes on things and you think the prices will come down and instead they go up. We have experienced that. So, let us not make it a big issue. We know that there are instances where tax measures have not changed prices; that too is true.

**MR MATIA KASAIJA:** Finally, Mr Speaker, another problem is that of course when we remove the tax, we lose revenue - *(Interruption)*

**MR TIM LWANGA:** Mr Minister, so far we are talking about adulteration of fuel but when you came to our committee, and even the document itself says that the money which is going to be raised this year from this Shs 200 increment, which is not a new tax, is going towards starting a solar fund for the rural areas. So, it was intended for a solar fund so that the rural people can start getting away from kerosene, which is poisonous. I am just surprised that you have not said anything about that.

**MR LUGOLOOBI:** Mr Speaker, before the budget was read and according to UBOS, the price of kerosene per litre was Shs 2,812. As I speak, the price is only Shs 2,846, which is an increase of only 1.2 per cent. So, the price has generally remained the same. However, Government is taking advantage because they are generating the revenue. What is wrong with that? *(Interruption)*

**MR NANDALA-MAFABI:** Mr Speaker, I deal in fuel; when the price was low, we used to have it at Shs 2,560. I am a fuel dealer-

**THE DEPUTY SPEAKER:** Honourable members, can we agree on the principles of the Bill and then we deal with those issues later. I know there will be another debate on this issue. Can we take a decision on the principles of the Bill so that we go down and see what we can do? The Imam will give us some 30 minutes today.

**MR SSEBAGALA:** Thank you, Mr Speaker. We had agreed that we would be ending at exactly midday-

**THE DEPUTY SPEAKER:** That is why I am asking.

**MR SSEBAGALA:** Given the fact that you are requesting and you also allowed us, we have also accepted to leave this place at exactly half past midday after your request.

**THE DEPUTY SPEAKER:** Thank you very much. That is the way to do business. Can I put the question on the second reading so that we can go and handle the details at committee stage.

**GEN. TUMWINE:** Mr Speaker, I want some clarification on sugar. They are talking of sugar in solid form *–(Interjections)–* Yes, there is something on sugar - either beet sugar or cane sugar or chemically produced sucrose - and they are saying, in solid form. Does it mean that if I dilute it and put it into drums or in capsules and bottles it is no longer applicable? They say in solid form.

**THE DEPUTY SPEAKER:** Can we have clarification on that point and then we go to committee stage. We have to use the 30 minutes properly.

**DR MUTENDE:** Thank you very much, Mr Speaker. The moment it is not solid, it will either be liquid or gaseous and we cannot handle that. So we are talking of solid form. We can only add “crystal”. So this is crystal sugar that is for human consumption that you are referring to. Thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** It is clear. Okay honourable members, I put the question that the Bill entitled the Excise Duty Bill, 2013 be read the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE EXCISE DUTY BILL, 2013

Clause 1

**THE DEPUTY CHAIRMAN:** I think we will handle Clause 1 after - interpretation.

Clause 2

**MR EKANYA:** Mr Chairman, I beg to move that clause 2 of the Bill be deleted.

**THE DEPUTY CHAIRMAN:** Why would you want it deleted? What is the justification? This is the Excise Duty Bill, 2013 and clause 2 is on the associate.

**MR EKANYA:** Okay, I agree with the chairman.

**THE DEPUTY CHAIRMAN:** I put the question that clause 2 do stand part of the Bill.

*(Question put and agreed to.)*

*Clause 2, agreed to.*

*Clause 3, agreed to.*

Clause 4

**MR SSEBUNYA:** Mr Chairman, we propose that clause 4, on registration, be deleted. The justification is that this has been harmonised, coordinated and streamlined under the Tax Procedures Bill, 2013, which is currently awaiting parliamentary approval. This is clearly provided for in clause 4 of the Tax Procedures Code Bill.

**MR NIWAGABA:** Mr Chairman, I am wondering how and why the committee wants us to delete a provision based on a Bill, which has not yet been passed by this House. What if the Bill finally comes here and this particular clause they alluded to does not pass?

**THE DEPUTY CHAIRMAN:** Then they will bring an amendment.

**MR NIWAGABA:** Mr Chairman, what mischief are they trying to cure in deleting this clause? Why not retain it and instead remove the one in the Tax Procedures Code Act when it comes?

**THE DEPUTY CHAIRMAN:** And if we adopt it in both?

**MR NIWAGABA:** Or even have them both. When you look at this particular law, if it is passed today without this particular clause on registration, what will an ordinary member of the public understand in terms of registration? We cannot make reference to a Bill that has not yet been passed.

**MR MUSASIZI:** Mr Chairman, the committee’s proposal to was to move registration from the Excise Duty Bill to the Tax Procedures Code Act. Initially, it existed in both, but for avoidance of duplication, we decided to have it in one law. Besides, matters of registration are procedural matters and they best fit in the Tax Procedures Code Act.

**MR NANDALA-MAFABI:** Mr Chairman, we had a hot debate at committee level. When you read that law well, you notice that it says “The commissioner general will register...” How can the commissioner general register me when I am manufacturing soda? This means that if she refuses, then I cannot manufacture my soda. So at that level we said that the role of the commissioner general is to register you for tax purposes.

Since this clause is contentious, let it be removed and we harmonise it in the Tax Procedures Code Act. In the current state if we delete it, it is not to say that the commissioner general cannot register you for excise duty. That was basically saying that she would determine if you are to deal in excisable goods.

**THE DEPUTY CHAIRMAN:** So, honourable members, we delete it?

**MR NIWAGABA:** I am yet to be convinced. If the commissioner general is going to register you but not under this particular Bill, then under which legal regime will he or she register you if we have not passed the Tax Procedures Code Bill?

**MR NANDALA-MAFABI:** Mr Chairman, the moment you open up a business, you are supposed to register for income tax. There are prescribed forms on how to register. This also applies if you are going to deal in exercisable goods; you are supposed to be registered. This is clearly stated somewhere, I think in clause 6 - licence for premises.

It says somewhere that the commissioner general would have to register you for purposes of excise duty. That is the only role that is given to him or her.

However, if you read that clause, it gives him or her power to determine whether you are registered or not for manufacturing to begin with, and that is not the role of the commissioner general. When I start my business as a manufacturer and I get my licence in manufacturing, what happens is that I will let the commissioner general know that I am dealing in excisable goods so that she will now give me a file for that, so that I can pay the taxes.

**THE DEPUTY CHAIRMAN:** Honourable members, I think the point being made here is that this kind of registration is not properly housed under this Bill. It cannot be properly housed under this Bill; they should find somewhere else to put it. That is the point they are making, simply.

It is coming somewhere else; we cannot just pass it because it is not anywhere else, so we pass it in any law. It cannot be properly housed here, so we put it somewhere else. That is the point they are making here, honourable member for Ndorwa.

So I will put the question for the deletion. I put the question that clause 4 of the Bill be deleted.

*(Question put and agreed to.)*

Clause 5

**MR SSEBUNYA:** Mr Chairman, clause 5 is on the power to revoke and suspend registration. We are supposed to delete it.

**THE DEPUTY CHAIRMAN:** Honourable members, it is consequential. Because we have deleted the authority to register, so there cannot be an authority to deregister. I put the question.

*(Question put and agreed to.)*

Clause 6

**MR SSEBUNYA:** In sub clause (1), insert, “For the purpose of facilitating the administration of excise duty” at the beginning of the sub clause.

The justification is: to clearly clarify on the role of the commissioner in relation to the manufacture of excisable goods or provision of excisable services.

**THE DEPUTY CHAIRMAN**: But Mr Chairman, what happens to the heading of part 3, “Registration of manufacturers, importers and providers of excisable goods and services”?

**MR SSEBUNYA:** I think the whole part goes.

**THE DEPUTY CHAIRMAN**: The whole part goes but there is licence for premises –

**MR NANDALA-MAFABI:** Mr Chairman, that is where the filling in of forms comes in. If you read the clauses we have deleted, – clauses 4 and 5 - it was the commissioner general to determine whether you manufacture or not. That is basically the main problem there. However, for tax purposes, you must register. That is why Clause 6 is taken care of and that is why they have put a provision stating that for purposes of excisable services. You cannot come and tell people to stop manufacturing sodas because as a commissioner-general –

**THE DEPUTY CHAIRMAN:** So, the heading of part 3 is okay? – Is that what you are saying? Because it is talking about registration of manufacturers, importers and providers of excisable goods and services yet, there is no deregistration. So, should we treat it consequentially?

**MR SSEBUNYA:** Yes, Mr Chairman, I think consequentially this title will be changed by the drafters.

Clause 6

**MR SSEBUNYA:** Mr Chairman, have we already voted on the previous -

**THE DEPUTY CHAIRMAN:** No. Propose your amendment on Clause 6.

**MR SSEBUNYA:** In sub clause 6 (1), we propose to insert the words “For purposes of facilitating the administration of excise duty” at the beginning of the sub clause.

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

*(Question put and agreed to.)*

*Clause 6, as amended, agreed to.*

Clause 7

**MR SSEBUNYA:** In Clause 7 on prohibition of manufacture, we propose that the entire provision be deleted because this will be harmonised and coordinated under the Tax Procedures Code.

**THE DEPUTY CHAIRMAN:** I put the question for the deletion of Clause 7.

*(Question put and agreed to.)*

*Clause 7 deleted.*

*Clause 8 agreed to.*

*Clause 9 agreed to.*

*Clause 10 agreed to.*

*Clause 11 agreed to.*

*Clause 12 agreed to.*

*Clause 13 agreed to.*

*Clause 14 agreed to.*

*Clause 15 agreed to.*

*Clause 16 agreed to.*

*Clause 17 agreed to.*

Clause 18

**MR SSEBUNYA:** Mr Chairman, Clause 18 (2) on regulations, we propose that we delete paragraphs (c), (h), (i), (j), (k). The justification is to avoid conflicts with other regulators.

**THE DEPUTY CHAIRMAN:** Is that clear, honourable members? Okay, I now put the question for the deletion of paragraphs: (c), (h), (i), (j) and (k).

*(Question put and agreed to.)*

*Clause 18, as amended, agreed to.*

Clause 19

**MR SSEBUNYA:** In Clause 19, as the statement reads, “the minister may, by statutory instrument, with approval of cabinet amend schedule one and two.” we propose the deletion of the phrase “and two.” The justification is that that is the mandate of the Parliament to change that schedule.

**THE DEPUTY CHAIRMAN:** Okay, the proposal is to delete the phrase “and two” appearing at the end of that clause. Okay, I now put the question to that amendment.

*(Question put and agreed to.)*

*Clause 19, as amended, agreed to.*

*Clause 20 agreed to.*

*The First Schedule agreed to.*

Schedule Two

**MR SSEBUNYA:** The committee proposes to amend Schedule Two as follows:

1. Substitute paragraph one with the following – and that goes to the excise –

**THE DEPUTY CHAIRMAN:** No, just proceed with that. Please do not bring in other things.

**MR SSEBUNYA:** Okay, Mr Chairman. Okay, as I was saying we substitute paragraph one with a) cups –

**THE DEPUTY CHAIRMAN:** Please, let us first understand what you are proposing. Do you propose the deletion of the existing paragraph one or what?

**MR SSEBUNYA:** No, just to amend by substituting – for example in a (a) where there was 32 with 35 per 1,000 sticks. And hinge lead, which is (c), where there was –

**THE DEPUTY CHAIRMAN:** No, let us be clear because it has to be captured properly. Okay, what are you amending in 1 (a)?

**MR SSEBUNYA:** In 1 (a), we are amending the figure 32 to 35,000 per 1,000 sticks. In (b) about hinge leads to be Shs 69,000 per 1,000 sticks and in (c) –

**THE DEPUTY CHAIRMAN:** First wait. Paragraph (b) is about other soft cups?

**MR SSEBUNYA:** Let me first read the wording – hinge lead is –

**THE DEPUTY CHAIRMAN:** So, you are not amending other soft cups because that is what is in the Bill. You are not amending that one.

**MR NANDALA-MAFABI**: Mr Chairman, when you look at it properly, you realise that they have decided to put all the cups together. That is why they are saying soft cups will be 35,000 per 1,000. So, the other one does not exist.

**THE DEPUTY CHAIRMAN:** Is there anything we are retaining in what is in the Bill, in 1? I mean in paragraph one. Please advise me. Is there anything we are retaining in paragraph one? If there is nothing we are retaining in one, then we delete the entire thing and replace it with this one. That way, it will be easier to capture it on the *Hansard*.

**MR SSEBUNYA:** Okay, Mr Chairman. Let me use the table as proposed by the committee, to delete the entire paragraph 1, sub-paragraphs (a) to (f) and replace it with the new schedule –

**THE DEPUTY CHAIRMAN:** No, you should be talking about sub paragraphs (a) to (g), not so?

**MR SSEBUNYA:** Yes, Mr Chair, it (a) to (g).

**THE DEPUTY CHAIRMAN:** So, you are replacing this with what is in the amendment, which is (a) to (f). Is that correct?

**MR SSEBUNYA:** Yes.

**DEPUTY CHAIRMAN:** Okay, what is it that you are now proposing?

**MR SSEBUNYA:** Okay, what I am proposing include:

1. Cigarettes –

a) Soft Cup – Shs 35,000 per 1,000 sticks;

b) Hinge lid – Shs 69,000 per 1,000 sticks;

c) Cigars, cheroots, cigarillos containing tobacco – 160 per cent;

d) Smoking tobacco whether or not containing tobacco substitutes in any proportion 160 percent.

e) Homogenised or reconstituted tobacco, 160 percent

f) Others 160 percent.

**MR MULIMBA:** I would like to seek clarification from the chairperson of the committee. These soft cups, when you say soft cups; I may not be able to tell which is from Kenya or Uganda. I seek clarification as to whether they have bundled everything together, whether they have not maintained a differential on the rates for those which are made in Kenya and those made in Uganda.

When I get the clarification, I will beg to proceed, Mr Chairman.

**MR NANDALA-MAFABI:** Mr Chairman, for exercise duty, for import there is what we call customs duty; let us first deal with excise duty then we will come to customs duty for import. So, let us not confuse these two things. As far as the chairman has presented, this is excise duty which, will be applicable to cigarettes. For imports we shall have customs duty.

**THE DEPUTY CHAIRMAN:** You know the honourable member comes from the border, so he has to be clear. Can I put the question to this amendment proposed by the committee in paragraph 2? We have dealt with 1 a) b) c) d) e) f). Honourable members, paragraph 1 is cigarettes, which is what we have dealt with. Paragraph 2 in the Bill is beer.

**MR SSEBUNYA:** Mr Chairman, we have not changed anything in paragraph 2

**THE DEPUTY CHAIRMAN:** Paragraph 3 - spirits

**MR SSEBUNYA:** We have not changed anything.

**THE DEPUTY CHAIRMAN:** Paragraph 4 – wine

**MR SSEBUNYA:** we have not changed.

**THE DEPUTY CHAIRMAN:** Paragraph 5, non-alcoholic beverages excluding natural foods.

**MR SSEBUNYA:** We have not changed.

**MR NANDALA-MAFABI:** Mr Chairman, why we are talking about the paragraph for non-alcoholic; I want to give an example. My brother there comes from Busia, hon. Ekanya comes from Tororo and my brother comes from Mbale. I am from Bugisu. For instance, Coca Cola, currently the soda being sold in those parts of Uganda is from Kenya. The reason is that the taxes on Coke in Kenya are less than the ones in Uganda. Because of that, if Government is assuming that it is collecting any money on soda in Eastern Uganda, it is a lie. For us to have some collection is to harmonise that rate. (*Interruption)*

**MR WERIKHE:** Thank you for giving way. The information I would like to give is that the current excise duty in Kenya on soda especially or soft drinks is at five percent and in TZ it is also at around five percent. We are already experiencing this problem. We are not going to market our products that are manufactured here in Uganda. It is important that we reduce this excise duty on soft drinks.

**MR WAMAKUYU:** Apart from soft drinks, wheat which is consumed now in Kapchorwa and all those areas in Bulambuli comes from Kenya. The reason is because of the tax.

**THE DEPUTY CHAIRMAN:** I think the point is made.

**MR NANDALA-MAFABI:** The proposal I wanted to make is that we do not want to hurt revenue collection but at least, we should reduce this a bit so that we are able to ask the people that as much as ours is expensive, it has become slightly cheaper.

From 13, we would like to propose that it be reduced to seven percent. In fact, if there is anybody from Mutukula here, the soda they are drinking is from Tanzania. (*Interruption)*

**MR EKANYA:** This is a very delicate position, Mr Chairperson. In fact, Century Bottling Company has been exporting their soda to DRC and Sudan but now, importers prefer to get the other soda. This is going to affect employment. Today, the minister has said revenue collection has gone down. It is because of this. So, Government needs to decide which way they want to go.

**MR SSEBUNYA:** Guidance.

**THE DEPUTY CHAIRMAN:** What point are you rising on; you cannot rise on guidance because it is not in the rules.

**MR SSEBUNYA:** Okay. Mr Chairman, we know we need to harmonise but we need to go slowly. Uganda is a smaller economy compared to Kenya and Tanzania. I support hon. Nandala but what I propose is not to do a drastic change in these tariffs. If he says it is 13 and Government has estimated its revenue from 13, let it at least go to 10. Then next year, we go on reducing.

**THE DEPUTY CHAIRMAN:** Can we hear from the minister? You have no authority to do that.

**MR SSEBUNYA:** But somebody is proposing –

**THE DEPUTY CHAIRMAN:** No, I want to hear the minister on this.

**MR KASAIJA:** Mr Chairman, our proposal is that we should leave it as proposed because I am fully aware that revenue collection can be higher through volumes by reducing the rate of taxation. I am fully aware and I am sure my sister hon. Cecilia Ogwal knows this, we did this sometime in in 1962 but at the same time, since we are trying to harmonise with other East African countries and work is going on now. Our considered view is that we should leave it as it is now but we shall revisit this in the next financial year.

**MR NANDALA-MAFABI:** Mr Chairman, I am the one who raised this and I know members have seen it. That is why we never suggested five percent but seven percent. We are aware of the timeframe and given what the chairman has proposed - you know we are Ugandans. I will tell you what will happen; instead of selling sodas to get money, you will get air. But sodas are being imported.

You are even going to endanger our people on the border line. People are walking with sodas at night and they are smuggling.

The people who were agents for Coca Cola and they had business, many of them have closed. Why? Because soda is coming from Kenya. There is also unemployment issue. We are talking from an informed point of view.

Mr Minister, we would plead with you, the chairman has come up well, we need to harmonise, at least he has said 10, we had said seven, if you are really a sincere person who does not want our people in Eastern Uganda to suffer and Uganda to collect some money, I would suggest that, let him come up and say -

**MR SSEBAGALA:** Thank you very much, Mr Chairman. I think that what we want is to widen our tax base and there is no way we can widen our tax base when we are really killing our locals industries. If that is the fact that in Kenya it is five percent on beverages and many people, instead of getting Ugandan soda are getting it from Kenya – the right thing to do and what the minister is proposing – the one year –

**THE DEPUTY CHAIRMAN:** Honourable minister, I wish that you could listen to the submissions.

**MR SSEBAGALA:** What the minister is proposing – one year is really long enough to kill any industry. So, let us act now and ensure that we do not really move out in as far as tax is concerned.

**MR KASAIJA:** You see in matters of this type, I suggest that we move systematically. We do research and collect data. I agree with you hon. Nandala-Mafabi that our business people at the border could be getting hurt but we have to balance between what we may be losing against what we may get using the current rates. So, it is very difficult for me to concede when I have not got scientifically researched information on which to base a decision.

Therefore, Mr Chairman, I suggest that we take this matter as a very serious matter but give us time to study it and next year, we will be able to come back and give you a fact-based decision.

**HONOURABLE MEMBERS:** No.

**MS AKOL:** Mr Chairman, I have listened to the discussions and proposals that members are making and basing on what they are saying, it may be true. But this is the reason that these Bills are brought before a committee and for members to bring their views and whatever evidence they have in order for us to come up with a researched report for the House to consider. I believe that some of our members who are bringing these proposals are members of this committee.

**MR NANDALA-MAFABI:** Order.

**MS AKOL:** I am on procedure.

**MR NANDALA-MAFABI:** Order.

**MS AKOL:** On procedure?

**MR NANDALA-MAFABI:** Order. Mr Chairman -

**MS AKOL:** So, Mr Chairman -

**THE DEPUTY CHAIRMAN:** Can I deal with the procedural point?

**MS AKOL:** Hon. Nandala-Mafabi is the member of the finance committee and I believe that at that stage, he should have brought, for the benefit of the committee, the data and information so that we would have shared with the ministers and the ministers would have had time to research and come up with the right percentage for us also to charge.

Now, is it procedurally right, for us now to bring those issues at this stage, issues that could have been considered at committee level? Are we moving correctly, procedurally?

**THE DEPUTY CHAIRMAN:** Let me first hear from the member from Bunyole and then I rule on this point.

**MR DOMBO:** The issue raised by the minister and hon. Akol is specifically what I had risen to raise; that in order to make Parliament, take an informed decision, it is difficult to listen to hearsay because Parliament must have statistical data to enable us take a decision on what we are losing, how trade has deteriorated and what is the likely consequence of a decision that we are going to take. But to sit here and somebody says that in Malaba it is like this and in Mbale it is like this without empirical evidence, this House will take a decision whose consequences may be fatal. So, whoever has statistical data that can enable us as a House to take those decisions, it will be most welcome for us to have it -

**THE DEPUTY CHAIRMAN:** Honourable members, please, we need to finish with this. Please. Honourable members, this matter had come at this stage –

**MR NANDALA-MAFABI:** I am seeking your indulgence. If you even read the report, the people who came before us were the people from the soft drinks industry and if I can demonstrate – the MD of Coca-Cola came with century bottles and demonstrated to the committee and I never saw hon. Akol, who claims to be an accountant in the committee. I can tell you that he demonstrated and the chairperson here can confirm –

**MR SSEBUNYA:** We listened to Coca-Cola, we listened to the mineral water people and we deferred the matter and we said come back next year because these are revenue matters. We needed statistics as they have said, a study and also Coca-Cola had come with a proposal that had to do with Parliament and medical equipment but we said that that let us study the matter – I think that was the decision that was reached; let us wait for the next year when we have full information.

**THE DEPUTY CHAIRMAN:** Honourable members, the proposal is that what is proposed in the Bill under 5 in Schedule 2 is 13 percent. There is a proposal to change that percentage – Please, members, let us follow. There is a proposal to change that percentage to another percentage other than 13 percent. I will put the question to that change and whatever the figure is - they said 10 or seven – I think they settled for 10 percent. I will put the question to change the percentage in 5.

I now put the question that paragraph 5 in Schedule 2 – the provision of 13 percent be changed to 10 percent. I now put the question to the amendment.

*(Question put and negatived.)*

**THE DEPUTY CHAIRMAN:** I am looking at the clock and I have to deal with the issue of the Imam. Another amendment?

**MR SSEBUNYA:** We do not have any other amendment apart from when we reach 8 which is on fuel.

**THE DEPUTY CHAIRMAN:** Then propose your amendment.

**MR SSEBUNYA:** We are proposing that Schedule 8 (a) is Shs 950 per litre on motor spirit. (b) Gas oil is Shs 630 per litre, (c) is Shs 630 per litre, (d) is nil, (e) is eliminating Shs 200 on kerosene, (f) is Jet (1) and aviation fuel Shs 630 per litre and Jet A 1 and aviation fuel imported by registered airline companies, designated storage facilities or contacts of supplies is nil-

**THE DEPUTY CHAIRMAN:** Honourable Chairman proposing the amendment, do you intend to delete what is in the Bill and substitute it with a new one?

**MR SSEBUNYA:** Yes.

**THE DEPUTY CHAIRMAN:** Then you need to be clear.

**MR SSEBUNYA:** We are deleting what is in the Bill.

**THE DEPUTY CHAIRMAN:** So, you are deleting 8(a)(b)c)(d)(e)(f) and (g).

**MR SSEBUNYA:** And replacing it with what I have read as an amendment -

**THE DEPUTY CHAIRMAN:** Please, let me first understand this. So, the motor spirit is (a), gas oil is (b), other gas oil is (c), gas oil for thermal power generation is (d), kerosene is (e), jet A 1 an aviation fuel is (f), jet A 1 an aviation fuel imported by a registered airline is (g). So, you propose that this replaces what is in the Bill.

**MR SSEBUNYA:** yes, Mr Chairman.

**THE DEPUTY CHAIRMAN:** That is the proposal honourable members.

**MS SANTA:** Thank you, Mr Chairman. Before we proceed with that, I had an issue with no.6.

**THE DEPUTY CHAIRMAN:** We will come back to number 6; we have not finished with the schedule. We will come back to that. Let us deal with this then we can do No. 6. There was a proposal from the minority report on kerosene, which is now under e) from the amendment proposed by the new 200 and in the Bill, it was also 200.

So, there is a proposal from the honourable member that – (*Mr Kasule rose\_) -* You have made the point. Let me just summarise, that that be removed to be nil. That is the amendment he is proposing, that instead of bringing the Shs 200, it should be nil.

That was the amendment he was proposing; I have just summarised it.

**MS AKOL:** Members, I am a member of the committee. I just want to make you aware that this tax took effect on 1st July. If we are going to amend, we are not going to change anything in the pump price. It will only benefit the people who are doing that business. So, any amendment now is loss of revenue. (*Interruption)*

**MS BETTY AMONGI:** Mr Chairman, I stand on a point of order. There is what we call “provisional collection order.” We await parliamentary approval of all the other taxes and like we are waiting for Value Added Tax, the proposal that the committee chair has proposed whether to reduce or to delete, but the reason we are stepping down to pass these taxes is because Parliament can either reject or approve. And what is rejected or approved will overtake what has been going on. *(Applause)*

Is it, therefore, in order for the honourable member to mislead this House that the exercise we are conducting is in futility? Is it in order?

**THE DEPUTY CHAIRMAN:** No; I think that is not the point the member was making and I always advise that we listen to our colleagues properly. The member said the collection took effect from 1st July 2014. And the effect is that if we change now, it will not change the pump prices; that is what she is saying. (*Interjections*) No, no, please. I am ruling on a point of order, unless, you want to assist me in the ruling, honourable member for Butambala. Because that is the point she was making. She was not saying this Parliament is useless or anything like that. She said even if we now alter it, those people will not alter anything. That is what she said. So, let us listen to each other and then we see how to proceed with this.

Can I put the question to this matter? Let me put the question to this matter. I think the Imam is already raising procedural issues for me.

Let me put the question that the tax proposed on the eliminating kerosene of 200 Shs be deleted. That is the question I am proposing.

**HONOURABLE MEMBERS:** Yes.

**THE DEPUTY CHAIRMAN:** I put the question. The noes have it.

(*Question put and negatived.)*

**HONOURABLE MEMBERS:** No. No.

**THE DEPUTY CHAIRMAN:** Order. What was the question I put? I put the question that –

**HONOURABLE MEMBERS:** We should vote by a show of hands.

**THE DEPUTY SPEAKER:** Let me put the question again and please vote clearly so that I can hear. (*Applause)* I now put the question that the proposed tax of Shs 200 on eliminating kerosenes be deleted. That is the question I am putting.

*(Question put and agreed to.)*

Paragraph 6

**MS SANTA:** Mr Chairman, I have an issue on number 6, which says either bottled water and other water purposely for drinking. I have a worry here, like in my constituency, there are people who drink piped water and there are others who drink any other water packed in a water bottle. So, what is this “any other water purposely for drinking”?

**THE DEPUTY CHAIRMAN:** This is for tax purposes. They want to tax bottled water.

**MS SANTA:** “…and other water purposely for drinking”. That is “and other water”. It can be spring water.

**THE DEPUTY CHAIRMAN:** Can you clarify on this?

**MS SANTA:** I think what I understand is that somebody can manufacture any other, there is spring - something can come up on the market through a manufacture and it is called water but it has other ingredients, it is processed and it has other ingredients and –

**MR SSEBAGALA:** Thank you, Mr Chairman. As we agreed, indeed, it is 12.30 p.m. and we are handling very sensitive business. I will suggest that we suspend, go for prayers and then come back at 2.00p.m. Otherwise, that is what we agreed.

But if the business is still going on, why don’t we suspend, go for prayers and then we come back. I am speaking on behalf of the minority, whose rights must be respected. We came here in time, we have been here and that is what we agreed.

**THE CHAIRMAN:** How long does the prayer take?

**MR SSEBAGALA:** Prayers take less than 40 minutes.

**THE CHAIRMAN:** Honourable members, can we come back at 2.00 p.m. and finish with this?

**MR MATIA KASAIJA:** Mr Chairman, I respect all religions because these are personal choices. I can speak maybe on behalf of the Ministry of Finance. Yesterday, when we closed here, you told us we would be ending business at 1.00 p.m. and as a consequence, there are other programmes starting at 2.00 p.m.

Mr Chairman, Ministry of Finance will find it very difficult to be here at 2.00 p.m. and therefore, either we complete on Monday or we could release our Muslim brothers and sisters to go –*(Interjections*)– I am giving a proposal.

**THE DEPUTY CHAIRMAN:** No, honourable minister. You are taking even the little time that we have. Can we just do another - because is just finalisation. Imam, please just allow us to finalise, we are praying from around here. It will not even take five minutes.

**MR SSEBAGALA:** Mr Chairman, we had thought earlier that by adding 30 minutes, we would be through but I do not think we can handle that in five minutes and we do not want to be under duress.

**THE DEPUTY CHAIRMAN:** No, we will have finished in five minutes.

**MR SSEBAGALA:** So can I count from now*? (Laughter)*

**THE DEPUTY CHAIRMAN:** From now. Thank you.

**MR EKANYA:** Mr Chairperson, I beg to move that in 6 we delete the words ‘other water’ for purposes of drinking so that we have mineral water and bottled water only. We can have the words “other processed water”.

**THE DEPUTY CHAIRMAN:** Okay honourable members. The amendment is that we insert the word “processed” in between “other” and “water” in that paragraph 6. I put the question to the amendment.

*(Question put and agreed to.)*

*Schedule 2, as amended, agreed to.*

*Schedule 3, agreed to.*

Clause 1

**MR SSEBUNYA:** In clause 1, we had something to do with definition. Under the definition of excisable goods, delete ‘goods’ appearing at the end of the first line. It is a repetition.

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

*(Question put and agreed to.)*

*Clause 1, as amended, agreed to.*

*The Title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

12.45

**THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr Matia Kasaija):** Mr Chairman, I beg to move that the House do resume and the Committee of the whole House do report thereto.

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

*(Question put and agreed to.)*

*The House resumed and the Deputy Speaker presiding)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

12.45

**THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr Matia Kasaija):** Mr Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Excise Duty Bill, 2013” and passed it with amendments.

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

12.46

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

**THE DEPUTY SPEAKER:** Honourable members, the motion is for adoption of the report of the Committee of the whole House.

*(Question put and agreed to.)*

BILLS

THIRD READING

THE EXCISE DUTY BILL, 2014

12.46

**THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr Matia Kasaija):** Mr Speaker, I beg to move that the Bill entitled, “The Excise Duty Bill, 2014” be read for the third time and do pass.

**THE DEPUTY SPEAKER:** I put the question to the motion.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED THE EXCISE DUTY ACT, 2014

**THE DEPUTY SPEAKER:** Congratulations, honourable minister! Mr Chairman, congratulations! Honourable members, this House is adjourned to Monday 10.00 O’clock.

*(The House rose at 12.47 p.m. and adjourned until Monday, 15 September 2014 at 10.00 a.m.)*