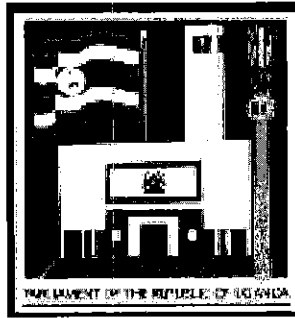


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PARLIAMENT OF UGANDA

REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT
ON

THE EXCISE DUTY BILL, 2013

OFFICE OF THE CLERK TO PARLIAMENT
PARLIAMENT BUILDINGS
KAMPALA - UGANDA

September, 2014

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EXCISE DUTY BILL, 2013

1.0 Introduction

Rt Hon. Speaker and Hon. Members, permit me to present to you a report of the Committee of Finance, Planning and Economic Development on the Excise Duty Bill 2013. The Bill was referred to the Committee after being read for the first time by the Minister of Finance, Planning and Economic Development on Wednesday, 14th May 2014.

1.1 Methodology

The Committee held consultative discussions with;

- 1) the Minister for Finance, Planning and Economic Development;
- 2) the Uganda Revenue Authority;
- 3) the Uganda Bankers Association
- 4) the Uganda Water and Juice Manufacturer
- 5) the Uganda Law Society
- 6) the British American Tobacco (BAT)
- 7) The Soft drinks Industry in Uganda

Their submissions informed the content of this report and a summary of their concerns is hereto attached to this report as Annexure "A".

Lastly, during the consideration of the Bill, the Committee took into consideration of the Tax regime on Excise duty in the East Africa region.

2.0 OBSERVATIONS AND RECOMMENDATIONS

2.1 Consolidation of the management of excise duty in Uganda.

Rt. Hon. Speaker and Hon. 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;

The Committee therefore observes that for proper management of the excise duty in Uganda, the provisions of the Excise Tariff (Amendment) Bill 2014 should have been proposed amendments to the Excise Duty Bill 2013.

Therefore the Committee has examined the two Bills i.e. the Excise Duty Bill 2013 and the Excise Tariff (Amendment) Bill 2014 and recommends that Parliament considers this report as such.

Rt. Hon. Speaker and Hon. Members, if and when the House adopts this recommendation, we will present report on the Excise Tariff (Amendment) Bill 2014 recommending for its withdrawal.

The Committee recommends that Parliament considers its proposed amendments to the Excise Duty Bill. (Please note that these are largely the provisions of the Excise tariff (Amendment) Bill 2014).

2.3 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 harmonize, coordinate and streamline Tax procedures under the Tax Procedures Code Bill 2013 which is currently waiting Parliamentary approval. This is clearly provided for in clauses 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.

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

2.4 License for premises

Clause 6 provides that a registered person shall apply for a license 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 center 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.

3.0 CONCLUSION

The Committee recommends that the Bill be read for the second time subject to the proposed amendments.

I beg to report

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PROPOSED AMENDMENTS

A. New clause

Insert a new immediately before clause 1 as follows

"1. Commencement

This Act shall be deemed to have come into force on 1st July, 2014.

Justification

The Excise Duty Bill 2013 and the Excise Tariff (Amendment) Bill 2014 are already in force as per the Taxes and Duties (Provisional Collection) Order 2014.

B. Clause 1. Interpretation

Under the definition of "excisable goods" delete "goods" appearing at the end of the first line.

Justification. It's a repetition

C. Clause 4. Registration

Delete the entire provision.

Justification. This has been harmonized coordinated and streamlined under the Tax Procedures Code Bill 2013 which is currently awaiting Parliamentary approval. This is clearly provided for in clauses 4 of the Tax Procedures Code Bill, 2013.

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

D. Clause 5. Power to revoke or suspend registration

Delete the entire provision.

Justification. This has been harmonized coordinated and streamlined under the Tax Procedures Code Bill 2013 which is currently awaiting Parliamentary approval.

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Clause 2 of the Code provides that the tax Procedures Code Act shall apply to the Excise Duty Act.

E. Clause 6. License for premises

In sub clause (1) insert "For the purpose of facilitating the administration of excise duty" at the beginning of the sub clause.

Justification. To clarify on the role of the Commissioner in relation to the manufacture of excisable goods or provision of excisable services.

F. Clause 7. Prohibition on manufacture, provision or importation of excisable goods or services.

Delete the entire provision.

Justification. This has been harmonized coordinated and streamlined under the Tax Procedures Code Bill 2013 which is currently awaiting Parliamentary approval.

G. Clause 18. Regulations

In sub clause (2), delete paragraphs (c), (h), (i), (j), (k)

Justification. To avoid conflict with other regulators

H. Clause 19

Delete "and 2"

Justification. Varying the rates of excise duty is the mandate of Parliament.

I. Schedule 2

Amend the schedule as follows;

(a) by substituting for paragraph (1) the following -

No.	Item	Rate of Excise Duty
1.	Cigarettes	
(a)	Soft cap	Ushs. 35,000 per 1000 sticks
(b)	Hinge lid	Ushs. 69,000 per 1000 sticks
(c)	Cigars, cheroots, cigarillos containing tobacco	160%
(d)	Smoking tobacco, whether or not containing tobacco substitutes in any proportion	160%
(e)	Homogenised or reconstituted tobacco	160%
(f)	Other	160%

(b) by substituting for paragraph 8 the following —

Fuel	
Motor spirit (gasoline)	Ushs. 950/- per litre
Gas oil (automotive, light, amber for high speed engine)	Ushs. 630/- per litre
Other gas oils	Ushs. 630/- per litre
Gas oil for thermal power generation to national grid	Nil
Illuminating kerosene	Ushs. 200/- per litre
Jet A1 and aviation fuel	Ushs. 630/- per litre
Jet A1 and aviation fuel imported by registered airlines, companies with designated storage facilities or with contracts to supply airlines	Nil

(c) by substituting for paragraph 9 the following—

“(9) Cane or beet sugar and chemically pure sucrose in solid form
.....Ushs. 50/- per kg”.

(d) by substituting paragraph 11 with the following—

“11. Sacks and bags of polymers of ethylene and other plastics under its HS Codes 3923.21.00 and 3923.29.00 except vacuum packaging bags for food, juices, tea and coffee.Ushs. 120%

(e) by substituting for item (c) in paragraph 13 with the following—

Money transfer or withdrawal services, including transfers and withdraw services by the operators licensed or permitted to provide communications or money transfer or withdrawal but not including transfers and withdraw services provided by banks	10% of the fees charged
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(f) by inserting immediately after paragraph 13 the following paragraph—

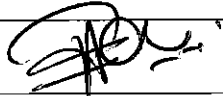
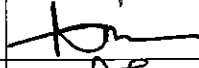


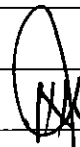

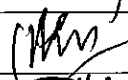
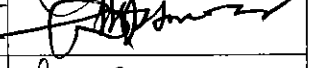

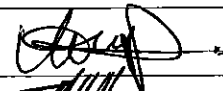


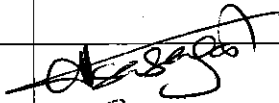
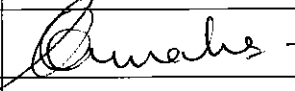
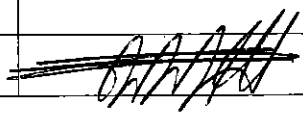
“14. Ledger fees, ATM fees, withdrawal fees and periodic charges and other transaction and non transaction charges excluding loan related charges periodic charged by financial institutions.....10% of the fees charged.”

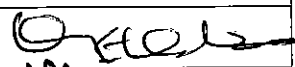
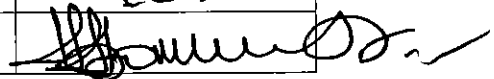
Justification

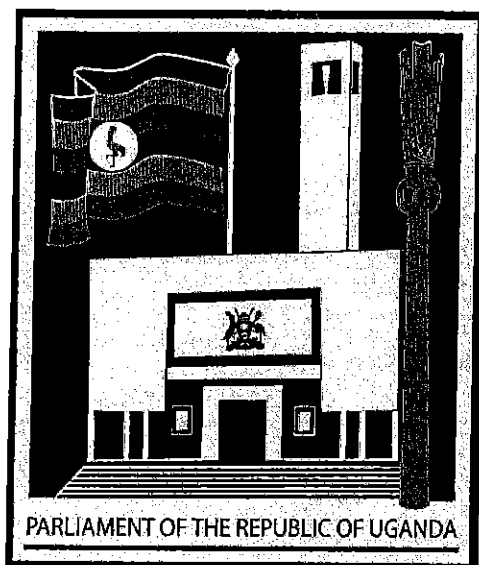
Due regard has been given to the provisions of the Excise Tariff (Amendment) Bill 2014 which proposes new rates for this financial year, and to the committee recommendation that the provisions of the Excise Tariff (Amendment) Bill 2014 be incorporated in this Excise Duty Bill 2014 and considered by Parliament as such.

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**COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT
WHO SIGNED THIS REPORT**

NO	NAME	CONSTITUENCY	SIGNATURE
1	Hon. Kasule Robert Sebunya	Kyadondo North	
2	Hon. Okello Anthony	Kioga	
3	Hon. Musasizi Henry	Rubanda East	
4	Hon. Kyoma Xavier	Ibanda North	
5	Hon. Akol Rose	Bukedea	
6	Hon. Sejjoba Isaac	Bukoto Mid-West	
7	Hon. Lwanga Timothy	Kyamuswa	
8	Hon. Adong Lilly	Nwoya	
9	Hon. Katoto Hatwib	Katerera	
10	Hon. Amos Lugoloobi	Ntenjeru South/North	
11	Hon. Emma Boona	Mbarara	
12	Hon. Ayepa Micheal	Labwor	
13	Hon. Kakooza James	Kabula	
14	Hon. Mugabi Muzaale Martin	Buzaaya	
15	Hon. Geoffrey Ekanya	Tororo	
16	Hon. Nathan Nandala -Mafabi	Budadiri West	
17	Hon. Odo Tayebwa	Bushenyi-Ishaka M	
18	Hon. Mathias Nsubuga	Bukoto South	
19	Hon. Judith Franca Akello	Agago	
20	Hon. Maxwell Ebong Akora	Maruzi	
21	Hon. Ssasaga Isaiah	Budadiri East	
22	Hon. Kevinah Taaka	Busia Municipality	
23	Hon. Jack Sabiiti	Rukiiga	
24	Hon. Bagoole John	Luuka	

25	Hon. Capt. Lakot Oruni Susan	UPDF	
26	Hon. Ochwa David	NRM	



MINORITY REPORT ON THE EXCISE DUTY BILL 2014

HON. EKANYA GEOFREY

MP TORORO COUNTY

SHADOW MINISTER FOR FINANCE, PLANNING

AND

ECONOMIC DEVELOPMENT

SEPTEMBER, 2014

1.0 INTRODUCTION

In accordance with Rule 194 of the Rules of Procedure of the Parliament of Uganda, I hereby present my opinions on the Excise Duty Bill 2014.

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 of the Committee for Finance and Planning especially on the Excise Duty Bill 2014.

I strongly oppose the Kerosene Tax of shs 200 per litre on Schedule 2(b).

2.0 JUSTIFICATION

- In some areas of Uganda, hospitals use kerosene lamps to perform operations on patients, midwives use it to deliver babies and doctors use it to treat patients.
- Children in rural schools use kerosene lamps to read and do their homework.
- In agriculture, people use kerosene fridges.
- The current price of kerosene is already high for most of its consumers.
- Kerosene lamps are used to sell produce in markets and on the streets at night.

3.0 CONCLUSION

Rt. Honourable Speaker and Honourable Members, I pray that you support the opinions in this minority report and discard the proposals of the Excise Duty Bill 2014.


Ekanya-Geofrey
MP Tororo County

Shadow Minister for Finance, Planning and Economic Development and Member of the Committee for Finance and Planning