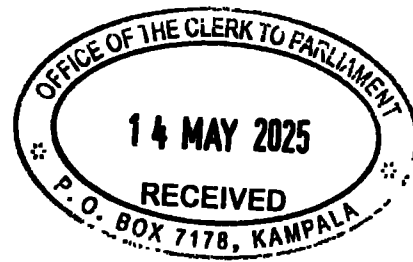




PARLIAMENT OF UGANDA



**MINORITY REPORT ON THE EXTERNAL TRADE
(AMENDMENT) BILL, 2025**

A handwritten signature in black ink, appearing to be "J. B. Muhesi".

MAY 14 2025.

Introduction.

The External Trade (Amendment) Bill, 2025 was read for the first time on Thursday March 27th 2025 and referred to the Committee on Finance.

The object of the Bill is to amend the External Trade Act, Cap. 69, **to impose an infrastructure and declaration levy on imports to be used in the country and on wheat bran, cotton cake and maize bran.**

The proposed amendment is to section 3 of the Act which provides for restriction

We disagree with the majority report which recommends approval of this amendment.

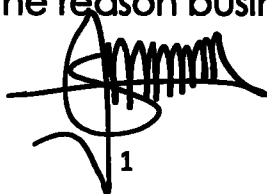
REASONS FOR DISAGREEMENT

1. Bill will raise commodity prices

The Bill proposes a 1.5% infrastructure levy on goods being imported into the country. This levy is payable by the importer at the point of entry. The Bill further introduces a 1% declaration fee on all goods being imported into the country. In effect, this bill introduces two new taxes on imported goods.

What this means is that when you import a shirt or a pair of jeans, you will be required to pay 2.5% of the value of that shirt as declared by Uganda Revenue Authority (URA) at the point of entry.

The Authority is already collecting from this same shirt import duty and Value Added Tax (VAT). A typical businessman/woman therefore pays corporate tax, VAT, Excise P.A.Y.E, Withholding Tax, stamp duty etc. These multiple taxes is the reason businesses are collapsing.



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By approving this proposal, you are legislating your people out of work. Already businesses are closing because of too much taxes and fees from local authorities and here you being asked to introduce extra taxes. And of course all these taxes are going to be passed over to the consumers.

Moreover this government recognizes the inability by the population to pay all these multiple and high taxes the reason it is waiving penalty and interest on principal tax not paid in the Tax Procedures Code (Amendment Bill). You are waiving penalty and interest to enable people pay on one hand but on another you are heaping them with new taxes.

The justification for the new taxes is that we need to raise Shs 79 billion which is part of Shs 765 billion required to counter-fund construction of the Standard Gauge Railway. The railway will cost Uganda Shs 10.8 trillion which as usual we will borrow.

This money can actually be realized by re-allocation in the budget. You have allocated Shs 296 billion in the budget for workshops and seminars. Let us chop off Shs 79 billion for Standard Gauge Railway.

Uganda is a net importer of goods and services, if the strategy is to protect industries, it will also backfire because the population is poor. We ask the NRM government to be merciful.

2. No studies to support the Bill

Rt. Hon. Speaker and Hon Members, the government and more so Ministry of Finance has turned this Parliament into a dumping site. Requests they bring here don't meet basic requirements and contradict each other.

For example in the Domestic revenue Mobilization Strategy for Uganda 2019/20-2023/24, Finance Minister Mzee Matia Kasaija said thus,

"In order to achieve our revenue potential, we will move away from adhoc, annual tax policy changes. These piecemeal adjustment with



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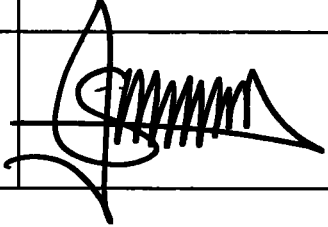
little alignment to an overarching strategy, have created a high degree of unpredictability and uncertainty in our tax policy direction. The Domestic Revenue Mobilization Strategy will address this as well as ensure that our future tax policy embodies the principal of simplicity, fairness, citizen welfare and sustainability."

The commitment is to move away from adhoc and annual changes. This Strategy by the way expired before a new ones was developed and just like that, they extended it.

They are now asking you Parliament to endorse uncertainty and unpredictability in revenue mobilization and they expect you to say "aye". Remember people who venture into business, calculate their margins and borrow money from banks. Any slight change affect their margins and drive them from business. Please visit arcades in downtown Kampala. The cumulative effect of multiple taxes significantly erodes profits leaving businesses with little profits for reinvestment and expansion.

These wonderful majority committee report authors in a report on last year's Income Tax (Amendment) Bill observed, "The frequent amendment of tax laws has caused challenges to both the taxpayer and Uganda Revenue Authority while administering taxes."

After listening to this, where do you get the motivation to approve these two new taxes?

| SN | Name | Signature |
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| | Ssemu John Ibrahim |  |

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