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PARLIAMENTARY DEBATES

(HANSARD)

OFFICIAL REPORT

THIRD SESSION - FIRST MEETING

TUESDAY, 11 JULY 2023



IN THE PARLIAMENT OF UGANDA

Official Report of the Proceedings of Parliament

THIRD SESSION - 10TH SITTING - FIRST MEETING

Tuesday, 11 July 2023

Parliament met at 2.00 p.m. in Parliament House, Kampala.

May we rise and observe a moment of silence in their honour.

PRAYERS

(The House rose and observed a moment of silence.)

(The Speaker, Ms Anita Among, in the Chair.)

The House was called to order.

COMMUNICATION FROM THE CHAIR

THE SPEAKER: Honourable members, I welcome you to this afternoon's sitting. As you are aware, the nation is mourning the loss of eminent persons that happened due to motor accidents;

1. The former Member of Parliament for Erute North in the Seventh Parliament, Eighth Parliament and 10th Parliament died on Saturday, 8 June 2023 on Karuma-Pakwach Road.
2. A renowned inspirational businessman, Apollo, well known as Aponye - the man who has inspired very many people; from being a wheelbarrow pusher to a billionaire - died on 6 July 2023 at Itojo in Ntungamo District. He was going for a burial, but ended up in an accident and passed on just like that.

If you talk about a person who could inspire, that was Aponye. He was the kind of person you would put in a desert and he would cause rain to fall. We will dearly miss him. He has inspired many of our children and many of us.

THE SPEAKER: Honourable members, I have previously noted the cost of road accidents. We have been talking about accidents in this House, day in and day out. According to the statistics, in 2022, Uganda Police Force registered 20,393 accidents, up from 17,443 the previous year. Out of these accidents, 61 per cent of the people pass on.

We have kept talking about accidents every day. For example, the accident involving Aponye could have been avoided. It was due to a parked vehicle by the roadside; nobody bothered to remove it. Aponye's driver knocked the vehicle, which was parked by the roadside. That is how this businessman died.

I am ordering the Minister of Works and Transport, UNRA and Uganda Police Force to have all the cars parked on the roadsides taken to the police stations at the owners' cost. *(Applause)* We cannot continue having those cars causing accidents. We are losing people and the owners are not bothered. Just imagine the people we are losing to accidents.

I ask those institutions to do that and report back to this House. They can even get a private person to do that. The owners of the cars will pay. They can agree and have somebody tow all those cars from the roadside and the owners pay.

Honourable members – Hon. Aza, why are you standing? I have not finished the communication. *(Laughter)*

Honourable members, I also realise that there is too much drought. In this drought, people in all the districts, especially in the cattle corridor, are moving to Bukedea. Can I find out: what could be happening with the rains? I would like to find that out from Hon. Musasizi. We would like to know the weather forecast. *(Laughter)*

2.07

THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, the weather forecast is showing positive indicators. *(Laughter)* The clouds are forming. I am confident that by the end of this week, we shall have received some rain.

THE SPEAKER: Honourable members, you have heard. We need the rains before Friday, honourable minister.

MR MUSASIZI: Much obliged, Madam Speaker.

THE SPEAKER: Honourable members, as I was telling you about the towing on the roads, in 2019, we passed a law on traffic and road safety. Section 58 of the Traffic and Road Safety (Amendment) Act talks about the towing of vehicles. However, to-date, nobody is implementing that. Are we going to continue passing laws and nobody implements them? Operationalisation of the laws is not being done and we are losing people. We give you money to operationalise laws and you do not do it. We want to know what is happening.

I thank you once more, honourable members. Now that you have heard about the rains, I am happy it is going to flood.

In the VIP Gallery this afternoon, we have a delegation from the Parliament of Malawi. *(Applause)* Like I told you before, we should do our benchmarking in countries that are like us. Let us not go to New York or Canada. What

are you going to borrow from there? You would rather go to Malawi, Zambia, Ghana and those other countries, just like they come to Uganda. I thank you very much for coming to Uganda. The delegation includes;

1. Hon. Madalista Kazombo – the 1st Deputy Speaker; in Malawi, we have the 1st Deputy Speaker and two other Deputy Speakers. The Speaker of Malawi is a lady.
2. Hon. Aisha Mambo Adams – 2nd Deputy Speaker. *(Applause)*
3. Hon. Richard Banda; we also have a Member of Parliament called Ibanda here and he is from that side. *(Laughter)* Hon. Richard Banda is the Minister of Local Government, Unity and Culture. Our Minister of Local Government, Hon. Magyezi, is also here;
4. Hon. Jacob Hara – Government Chief Whip.
5. Hon. Kondwani Nankhumwa – The Leader of the Opposition; we also have our Leader of the Opposition right here. Thank you, Hon. Mpuuga;
6. Hon. Julius Chione Mwase – Democratic Progressive Party Whip.
7. Hon. Nedson Poya – Leader of United;
8. Hon. Rodrick Khumbanyiwa – Member of Parliament
9. Hon. Jeffrey Mwenyeheli – Deputy Clerk
10. Ms Sophie Dambe – Assistant Clerk
11. Mrs Gloria Dzidekha – Chief Protocol Officer; and
12. Mr Gift Chimodzi – Protocol Officer

You are all welcome. They are here to do benchmarking. These are members of the Business Committee of the National Assembly

of Malawi. They are in Uganda to see if they can borrow a leaf from us. Join me in welcoming them to the Parliament of Uganda. (*Applause*)

In the Public Gallery this afternoon, we have a delegation of sub-county Speakers from Aruu North County, Pader. Please, stand up. You are most welcome. Those are my colleagues. They are represented by Hon. Okot and Hon. Aciro Paska. You are most welcome to your Parliament. (*Applause*) Thank you very much for coming.

2.14

MR TOM AZA (NRM, West Moyo County, Moyo): Thank you, Madam Speaker. May the souls of those who perished in accidents rest in peace. In your communication on accidents, more often than not, road signs are being vandalised by some unscrupulous people. For instance, the signs where there is a bend, humps and where the road is slippery have all been removed and sold as scrap to those who deal in scrap.

Therefore, Minister of Works and Transport, I do not know how we can ensure that those road signs are put back so that the motorists and drivers are able to see the signs and move carefully. Thank you very much.

THE SPEAKER: Thank you.

2.15

MR JULIUS ACON (NRM, Otuke East County, Otuke): Thank you very much, Madam Speaker. The road accidents are becoming unbearable in this country. We just lost our former colleague in the 10th Parliament, Hon. Charles Angiro Gutomoi. I think it was an issue of a non-moving vehicle parked on the road side.

Madam Speaker, my main issue is that there are road signs that are taken as well as the constructions or repairs – the humps are too heavy and yet, there is no sign for that. Therefore, when you are driving at a certain speed, you just get shocked to find yourself reaching these heavy humps. Humps are

almost as big as a small mountain, but they are not protected.

Madam Speaker, a week ago, we lost two people at Karuma. I think Karuma is becoming one of the daily accident points. We need the construction there to be adjusted; they should have a heavy metallic - like that of Pakwach. This is one of the things that I would like Government and this House to take note of. Thank you.

2.17

MR LINOS NGOMPEK (NRM, Kibanda North County, Kiryadongo): Thank you, Madam Speaker. Uganda National Roads Authority (UNRA) has constructed a number of kilometres, but we have a problem with maintenance. For example, road markings – old roads are no longer marked. When you are driving at night, you do not know which lane you are in. Therefore, I implore the Ministry of Works and Transport to re-mark roads so that when you are driving at night, the visibility is clear.

Finally, on the Bombo–Gulu Road Highway, every petrol station is constructed and designed with its own humps making moving on the road very unbearable. That is the issue I would like to raise. Thank you.

2.19

DR TIMOTHY BATUWA (FDC, Jinja South Division West, Jinja City): Thank you, Madam Speaker. I would like react to your communication regarding accidents, on emergency medical services. It is a very brilliant idea that the Ministry of Health has come up with, but it needs to be matured to a greater level. Today, we have ambulances, but we need an air ambulance system so that we are in position to rescue victims.

In your communication, you talked of a percentage, which was very high. If we can make the emergency medical service department in the Ministry of Health autonomous, it will fast-track the reduction of the accident percentages the Rt Hon. Speaker has talked about. The 51 per cent is very high. I beg to submit.

2.19

MR JONATHAN ODUR (UPC, Erute County South, Lira): Thank you very much, Madam Speaker. When Government proposed for Parliament to legislate –

THE SPEAKER: Government, I hope you are noting.

MR ODUR: When Government proposed for Parliament to legislate on the Roads Bill, which we processed, and it became the Roads Act, 2019; there were two provisions that were put in that law. In urban centres, a vehicle that has broken down should be removed within 30 minutes, and on rural roads, it was maximum of an hour. It is a criminal offence for anyone to leave those vehicles beyond the stipulated time.

When we interrogate Government about the Certificate of Financial Implications that they usually give for Bills, it is not just a mere formality. It is to show that Government is ready to invest money to implement a particular Bill.

The Ministry of Finance, Planning and Economic Development has made it a ritual that once a Bill is coming, you just write a certificate, bring it here and when it comes to proposing a budget for implementation, it is not done.

In the last financial year, the Ministry of Works and Transport required Shs 30 billion to do road safety work. The Ministry of Finance, Planning and Economic Development said that that was a software and that Government had now moved the priority to tangible things and yet, Parish Development Model (PDM) has components of roads. You are going to do roads in the villages and yet, you are not going to sensitise people.

THE SPEAKER: Do you mean PDM has a competent of roads?

MR ODUR: Yes, that is the foundation. So, if you do not deal with road safety issues and put it in money, then you are going to be wasting resources.

Once Government decides that road safety is an important aspect, it must be matched by finance and it goes back to the motion that Hon. Sarah Opendi and Hon. Alex Ruhunda raised here at some point. How much are we putting aside for roads? Otherwise, these carnages are going to continue, Madam Speaker.

THE SPEAKER: Thank you.

2.21

MR LOKWANG HILLARY (NRM, Iki County, Kaabong): Thank you, Madam Speaker. As we talk about road carnage, we should also look at the accidents on the water. A couple of weeks ago, people lost their lives in Kalangala as they were travelling on a boat.

Yesterday, at around 4.00 p.m, we lost nine out of 12 Karimajong who had been hired out by Kinyara Sugar Works to go and work on the farm. Their boat capsized on their way back.

2.22

MS SUSAN AMERO (Independent, Woman Representative, Amuria): Thank you, Madam Speaker. The issue of accidents needs to be handled squarely. Of late, the drivers - some of us here inclusive, have become so reckless on the road that even when you see a road sign telling you to reduce speed, you are always moving very fast because you are rushing to do what you want to do. I do not know why we do not leave early so that we can manage our time when travelling.

Madam Speaker, it is even unfortunate when you find many lead cars, making a lot of noise - you cannot be stable; you cannot find anywhere to push your car and you end up causing an accident. We need to revisit our laws so that everybody is responsible and respected on the roads.

The issue of accidents is not caused only by the roads. I have seen roads in other countries; even in the UK - we have better roads here, and some of our roads are very good, but we are not disciplined at all.

I think the penalties we put in our laws need to be revisited so that when somebody pays a hefty penalty, he will know what he is supposed to do on the road. I beg to submit, Madam Speaker.

THE DEPUTY SPEAKER: Thank you very much. Honourable members, we also need to check the calibre of people given driving permits. I have a live example of somebody who learned how to drive within the compound, two days later, went for a road test and failed, but paid 200,000 and he got a driving permit. What do you expect of such a person? Permits should be given to people who are able to drive, but not just somebody who can give you money. I actually asked that person, "Are you sure you are a driver?"

Honourable members, we have talked a lot about accidents and we are going to get a report. Maybe, let me hear from the chairman on road safety.

2.24

MR ALEX RUHUNDA (NRM, Fort Portal Central Division, Fort Portal City): Thank you, Madam Speaker. It is very unfortunate that irrespective of the massive campaigns that we have had over the years, many Ugandans are refusing to abide by the traffic laws, and as a result, we are losing many lives.

I would like to commend you, Madam Speaker, and this Parliament. For the first time, we passed Shs 5 billion for the Road Safety Sector in the Ministry of Works and Transport, which has never happened before.

We hope that with this support to the Ministry of Works in this coming financial year, and hopefully that the Ministry of Finance will honour- because sometimes, we pass the money, but the Ministry of Finance, do not release it. However, I appeal to the Ministry of Finance - please, for Heaven's sake, make sure you give road safety a priority.

The mental or mindset challenge of Ugandans that I see is that we go for curative and post-mortem. Aspects of prevention are the most

qualitative aspects of life that you can have; you prevent a disease instead of curing it. That is why the aspect of road safety is paramount.

We have heard all the statistics because we would not be bleeding with our budget. The statistics show that the country loses close to Shs 4.5 to Shs 5 trillion. You can imagine all these people who die on a daily basis. How do we ever replace them? Look at their experience, look at the businesses they run. Look at the knowledge they possess for the country. Look at the assets that are destroyed and all the businesses that will die with the people who go to the grave because we have not built permanent institutions with a succession policy; that has not been part of our culture. So, there is a lot to do, Madam Speaker- (*Interruption*)

MS OPENDI: Thank you, Madam Speaker, and thank you Hon. Alex for giving way. The information that I would like to give this House is that road safety campaigns are important. However, my cry is on the issue of road designs. When a truck breaks down on the road, you have nowhere to move the vehicle because next to the road is a trench or drainage.

I am very sure that if there was sufficient space on the side, this truck could have been moved to the side to leave the road free for other road users. However, because of the road design that UNRA and the Ministry of Works have put up on these narrow highways, it is the reason why if a vehicle gets spoiled, it remains there, and at the end of the day, somebody comes - because Ugandans are moving fast and they end up in these fatal accidents.

I request UNRA and the Ministry of Works; can we widen our roads and stop putting drainages close to the roads. Change the road designs and that is also road safety. Thank you, Madam Speaker.

THE SPEAKER: Is that what stops us from taking that car to the police?

MS OPENDI: Madam Speaker -

THE SPEAKER: And when you were making the law in 2019, didn't you know that there was that problem?

MS OPENDI: Madam Speaker, I have been on this Floor endless times and even in the committee pleading with the Ministry of Works and UNRA to change the road designs.

THE SPEAKER: I am saying much as the road designs are a problem, can't we have these vehicles towed to Police?

MS OPENDI: Madam Speaker, that is true. We must have vehicles stationed in different police stations so that they can immediately tow these vehicles off the road. Even 30 minutes before that vehicle comes to tow, these vehicles must be moved away from the road.

THE SPEAKER: That is what Hon. Odur said; the law is there, but it is not being implemented. You made the law in 2019 and now, the onus is on the implementers; we must hold those who are supposed to implement.

MS OPENDI: Thank you, Madam Speaker. I entirely agree with you.

MR SSEWUNGU: Thank you very much, Madam Speaker, for the communication. Indeed, I support you. It is very funny that a trailer breaks down on the road and then, the owner goes to Nairobi to get spare parts and it takes a whole week when the vehicle is still there.

What happens in other countries and what you should advocate for is equipping police. In other countries, they have road towing vehicles and you are charged highly as soon as the vehicle breaks down. I have gone severally to the Committee on Defence and Veteran Affairs beseeching them to provide the Police with better motorcycles, which can chase those who commit offences. Imagine police is riding a Boxer and they are running after one boxer as well.

In other countries, Police is well equipped because there is crime, but how do you control crime? By having well equipped Police so

that it manages those who commit crimes. However, in Kalungu and Bukedea, there is no single motorcycle and there is traffic.

THE SPEAKER: You are talking about a motorcycle and not even a vehicle; we do not even have a vehicle.

MR SSEWUNGU: In our rural districts, we do not even have a police vehicle. But in Kampala, Madam Speaker, how would you control crime with the traffic police, which is just moving on foot and everybody is misbehaving on the road? Thank you very much, Madam Speaker.

MR KIBALYA: Thank you, Madam Speaker. In the same spirit, we spent two years making that law and the implementers have failed us. Much as money is an issue, the law is very clear.

It is common to find broken down vehicles on the roadside. The repairs are done in the middle of the road and movement of other road users is very difficult. Even in the law, it is clear who is responsible to meet the costs of towing vehicles away. However, Police is very fast in moving to some areas, where they know very well that there will be "something". However, when it comes to ordinary people, they will be very slow.

We just have to be very serious on this and make sure that a vehicle cannot last more than two hours on the road. Even on a highway, you find a vehicle stuck there for a full day.

THE SPEAKER: Government, the law is available. I am not sure that we need money for us to be able to tow these vehicles because it is at the owner's cost. We also do not need money to ensure that you have discipline drivers. We do not need money to ensure that we have qualified persons to drive. For the discipline on the road, money is secondary, but for now, let us have people who are disciplined and qualified to be able to drive on the road. Committee chairperson, can you finish?

MR RUHUNDA: Madam Speaker, when you talk to the Traffic Directorate of Government, it is glaringly clear that they are understaffed;

they are also not given enough equipment and that is the big crisis because you cannot enforce when you are not empowered. It is just a clear fact. Unfortunately, the digital system that should monitor the drivers on the roads has not taken course, which has also coupled with the failure to get the digital number plates. So, we have a big problem –(Laughter)- I am saying a fact –

THE SPEAKER: Committee chairperson, how would the digital number plates stop one from getting an accident?

MR RUHUNDA: With the digital number plates, they are able to track the bad drivers – (Interjection) - Yes, that is it. The moment you have bad drivers –

THE SPEAKER: Committee chairperson, tracking is a post-mortem. We want preventive measures.

MR RUHUNDA: Madam Speaker, a combination of both is necessary.

THE SPEAKER: No.

MR RUHUNDA: Finally, Madam Speaker –

THE SPEAKER: Committee chairperson, don't drag in your businesses to us. (Applause)

MR RUHUNDA: I withdraw the digital number plates because it seems it is a very bad – and I didn't know much about it.

Madam Speaker, I would like to appreciate your leadership for supporting us; we held an International Convention on Road Safety for Africa and as a country, we were given the opportunity to lead. I was elected the interim Chairperson for Africa Legislatures on Road Safety. I thank you, Madam Speaker, for your support.

THE SPEAKER: Can I hear from Government. Hon. Bahati has been following from the word go.

2.35

THE MINISTER OF STATE FOR TRADE, INDUSTRY AND COOPERATIVES (INDUSTRY) (Mr David Bahati): Madam Speaker, we have noted the concerns raised by Members. However, I would like to inform you that the Minister of Works and Transport is in the House and he can actually update the House.

THE SPEAKER: Where is the minister?

2.36

THE MINISTER OF STATE FOR WORKS AND TRANSPORT (TRANSPORT) (Mr Fred Byamukama): Thank you very much, Madam Speaker. We have taken note of all the concerns. However, someone who trains from the compound, goes and pays Shs 200,000 and gets a driving licence - It is true that has been happening. We are also twisting police –

THE SPEAKER: Honourable members, are you hearing? That it is true it has been happening. (Laughter) That is true.

MR FRED BYAMUKAMA: I agree it has been happening and that has been a weakness of our colleagues from Police. Recently, we had a meeting with the stakeholders and the issuance of driving licence – The one who tests a human being is also a human being, but we are designing a system where if you come to me, I test you and if I am friendly, I can sign a document and you pass it. We are bringing the automation method where someone is going to – [Mr Macho: “Honourable minister, clarification.”]

THE SPEAKER: Honourable members, let him conclude.

MR FRED BYAMUKAMA: We are bringing the automation method where everything will be digital to an extent whereby someone who is awarding you marks will not be able to see that person physically to avoid bribery. (Applause)

Secondly, in regard to the issue of the vehicles remaining on the road, with the rampant accidents we have in the country, we met with

the stakeholders and we promise you that we are going to implement that law to ensure that vehicles with mechanical problems do not stay on the road, but go to police and the owner will have to meet the costs of transporting that vehicle to police. However, the issue of the trenches being near the road, Madam Speaker, the roads, which we are constructing, the money we put in to compensate people is too much compared to the money we use to construct the roads.

So, in that capacity, roads are narrow because of the limited funds. However, we have sent our teams to benchmark in different areas and we have also set a team to comprehensively advise us on how we can have new designs.

THE SPEAKER: Honourable members, I do not know why you do not want the truth. The young minister is giving you the truth. *(Applause)*

MR FRED BYAMUKAMA: Thank you, Madam Speaker. We have set up a team to advise us on how we can come up with new designs for those upcountry roads. Someone may ask: why don't you have a flyover from Kampala to Fort Portal? One, that is costly to Government because there are other services that people are demanding. However, we have set a team -

THE SPEAKER: Honourable members, get where to sit; it is free sitting. Hon. Asaba, I see you standing there. Hon. Amero, please, extend for Hon. Asaba to sit. *(Laughter)*

MR FRED BYAMUKAMA: Madam Speaker, once the team gives us feedback, we shall share it with the finance ministry and we advise one another.

Lastly, we have taken your guidance and directive. We shall sit, again, with UNRA, Uganda Police Force and the Ministry of Works and Transport to see how we can work on these problems. We will bring a comprehensive statement to this House for further guidance. Thank you, Madam Speaker. *(Applause)*

THE SPEAKER: Honorable members, when you look at the issue of road accidents, the salient issues are:

1. Non-implementation of the Traffic and Road Safety Act, 2019. *(Applause)* If we implemented that law to the letter, we would not be having all these problems. So, I urge the minister to implement the law, especially section 58, regarding the towing out of those vehicles that break down on the roads. Ensure that these vehicles are off the roadside. Some people who are driving are either tired or drunk and they end up getting accidents.
2. You need to adopt the dual carriage system on the roads.
3. Improve the design, as Hon. Sarah has said.
4. You need to scale up the safety campaign – I wish you could use the money that you are being given for the safety campaign. People need to know what is on the roads – how it is bad for you to drive recklessly. We used to have those safety campaigns, but I do not see them now. All we watch on TVs are cartoons. We do not know which law has been passed or what is happening, but we have passed very many laws, including that one. So, kindly, help us.
5. We need to have discipline on the roads – the behavioural change of our drivers should be brought on board.
6. Strengthen the use of the regulations that are in place. When you say the problem is with the police, what have you done? If you realise the police are a problem, take action.

2.23

MS SHARTSI MUSHERURE (Independent, Mawogola North County, Ssembabule): Thank you, Madam Speaker. I rise on a matter of national importance. Section 59B of the Public Procurement and Disposal of Public

Assets Act provides for reservation schemes that target, among others, registered associations of women, youth and persons with disabilities. This was meant to ensure that these marginalised groups attain more tenders from Government. Despite this affirmative legal provision, Africa Freedom of Information Centre has carried out research and established that only 38 per cent of the businesses in Uganda are owned by women and, of these, only one per cent are able to bid for government tenders. The situation is more glaring for youth and persons with disabilities.

My prayer is that the Minister of Finance, Planning and Economic Development briefs this House on the progress made in operationalising reservation schemes in Uganda and empowering marginalised groups in participating in government tenders.

Thank you, Madam Speaker.

2.45

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Thank you, Madam Speaker. I wish to inform the House that this section was incorporated into the law when I was the chairperson of the committee. I had thought that by now we would be somewhere - let me check and give the House the facts. *(Laughter)*

THE SPEAKER: Honourable members, there is one thing I have realised: when Members write their questions to the Prime Minister, the Prime Minister does exhaustive research and reports back. How I wish you could maintain that culture of writing questions and sending them to the Prime Minister so that they come with credible answers, which are exhaustively researched. However, when you ask a question, somebody will just give you an ordinary answer.

2.46

MS AGNES TAAKA (NRM, Woman Representative, Bugiri): Thank you, Madam Speaker. On the 16th of June, the country

commemorated the Day of the African Child and Bugiri District had the opportunity to mark the same on the 6th of July. The children raised a number of issues and I request that, after raising this matter, I lay their papers on Table for further scrutiny by this House, as you will guide.

Madam Speaker, urgently, though, the children raised an issue of night fundraisings at vigils – during burial ceremonies. These are activities that take place at night vigils in most parts of Busoga, Bukedi and even Teso. I do not know about other parts that I am not familiar with -

THE SPEAKER: I have not seen it in Teso because we have very strong by-laws at district level. Isn't it so, Hon. Okiror? There is a procedural matter.

MS OPENDI: Thank you, Madam Speaker. The issue that is being raised by Hon. Agnes Taaka occurs, even in my districts. However, this is a district issue, which I believe the district can come up with by-laws to deal with. We, in Tororo, have done this and stopped night fundraisings because we saw that it was the avenue through which young girls were getting challenges.

So, Madam Speaker, would it not be procedurally right that, while the matter is valid, the honourable member is asked to handle this at the district level?

THE SPEAKER: Honourable members, let Hon. Agnes Taaka finish her statement.

MS TAAKA: Thank you, Madam Speaker, for your wise ruling. I am aware of what is supposed to take place, but I have decided to raise this as an urgent matter of national importance. The issue is not limited to my district; it has taken up Busoga and Bukedi Region. I want to raise the attention of Government to this.

Madam Speaker, I was still explaining to you how it happens. At the vigils, people gather at night and fundraise to support the family and send off their loved ones in a decent manner. The community appreciates the activity,

however, the concerns of the children are: when this fundraising is taking place, parents look at the activity as sort of entertainment. So, the adults are out of their homes and leave the children behind.

In some instances, children are at these functions. As a result, children are defiled, raped and there is fornication, Madam Speaker.

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THE SPEAKER: Honourable members, which words are you fearing to hear? Defilement is different from rape. There is either rape or defilement, depending on how old you are. The issue is, Government, there is defilement and raping of girls. Can we get a response from Government? We need the Ministry of Local Government to issue an instruction.

MS TAAKA: Madam Speaker, I request to make my prayer before the minister speaks. My prayers are that;

- i) The Ministry of Gender Labour, and Social Development urgently guides the country on such social functions.
- ii) That the Ministry of Local Government guides the local councils to urgently develop by-laws in their respective districts to regulate the conduct of such fundraisings. Thank you, Madam Speaker.

THE SPEAKER: Thank you. Honourable members, there is one thing – first of all, I thank all of you for your attendance. One thing I learnt today from the leadership of Malawi is that when a Member does not attend the House, they deduct your allowance. I am giving you the information. It is good for us to do benchmarking. *(Laughter)* Can I hear from Government?

2.53

THE THIRD DEPUTY PRIME MINISTER AND MINISTER WITHOUT PORTFOLIO (Ms Rukia Nakadama): Madam Speaker, I want to thank Hon. Taaka for her concern about our children. However, we have the honourable Minister of Local Government; I want him to

come here and authorise the local governments to do the needful.

2.54

THE MINISTER OF LOCAL GOVERNMENT (Mr Raphael Magyezi):

Thank you, Rt Hon. Prime Minister. Madam Speaker, allow me to thank Hon. Taaka for raising this matter. It is important that all do what it takes to defend the rights of our children. As the Local Government, we request the honourable Member give us the entire report of what the children have recommended to us. We shall look at it and request the local governments to customise it to their local areas.

Good enough, in our midst we have local leaders from Pader; they have heard it. Why don't we take a step to make sure that we do what decentralisation has given us; the mandate is to have local laws that are respective to our local situations. Let us protect our children. I thank the Member for raising this.

THE SPEAKER: The issue of the by-laws is important; urge your districts to ensure that they have the by-laws that govern the do's and don'ts in that area. Thank you. I am going to do a phase-out. We cannot spend two hours on this. Please, bear with me.

I also learnt something from the National Assembly of Malawi: they sit from Monday, Tuesday, and Wednesday- from morning to evening. If we can agree, we can sit every day and then, use Thursday for Members. That is food for thought but we are going to do it. Something that makes the Members comfortable.

There is a procedural matter from the Leader of the Opposition. Meanwhile, welcome back. When you were away we missed you.

MR MPUUGA: Madam Speaker, I appreciate that. I was ably represented here. I have a formidable team; we have no deficit of able men and women on this side. I appreciate, Madam Speaker –

THE SPEAKER: Hon, Ssewungu did a good job.

MR MPUUGA: Absolutely. Madam Speaker, my procedural matter comes from *—(Mr Enos Asiimwe rose)*

THE SPEAKER: He is on procedure.

MR ENOS ASIIMWE: But you allowed me.

THE SPEAKER: Members, you need to learn these rules. He was on a procedural matter.

MR ENOS ASIIMWE: I would like to put the Leader of the Opposition to order.

THE SPEAKER: You are lucky that he is a gentleman and he has sat.

MR ENOS ASIIMWE: Thank you, Madam Speaker. The Leader of the Opposition is trying to insinuate that this side of Government does not have capable leaders to stand in for our Front Bench Members because of the way he has put his statement. It is like we are the dull side of Parliament. Is he in order?

THE SPEAKER: Honourable members, it is a good thing when somebody says something for one to conceptualise. Please, take time to think and understand what the person has said. I do not think that is what the LoP said.

MR MPUUGA: Madam Speaker, in any case, if the honourable colleague is offended, I only went to a miserable rural school and I found myself in this space. I apologise for the misrepresentation of his idea of speech. *(Laughter)*

THE SPEAKER: Honourable Leader of the Opposition, what have you said?

MR MPUUGA: Madam Speaker, I was only acknowledging my friend. He is a good friend and we come from the same area. He is a very good man and so, I have no reason to disparage, but only apologise for misrepresenting his thoughts about me. *(Laughter)*

Fast forward, my curiosity was aroused by your statement on how to get Members involved in the House debates. We are a big House and we appreciate it. Wouldn't it be prudent that the whips are invited to encourage Members to take cognisance of rule 45 and subsequent rules on questions? Members would like to engage with the ministers. Of course, sometimes the ministers are elusive or supply partial answers. Questions for Oral Answers and other questions related supply enough space for Members to engage and insist that questions are properly answered. The Prime Minister's question time would be a very good space, but it is very congested and more often than not, I see the Prime Minister referring questions to the ministers.

Therefore, Madam Speaker, would you consider if it pleases you, to ask of the whips to consider the possibility of activating the provisions of rule 45 and subsequent rules so that Members get more involved in the House business and raise matters relating to their constituencies in this space? That is why we have more matters of national importance, that should have come as oral questions requiring oral answers and we spend a lot of time haggling on these matters. I so pray.

THE SPEAKER: I saw Fr Onen here. Committee on Rules, Privileges and Discipline, please, take note of what is being raised and make proposals on what we can do. We could actually change and have something done better for the Members. At the end of the week, everybody should be able to speak. If we can devote a whole day for Members to pour out their minds, we can sit morning and afternoon - *[Honourable member: "Mine was on the issue of accidents"]*

That issue passed - honourable members, we are moving to the next item.

3.01

MR JOSEPH SSEWUNGU (NUP, Kalungu West County, Kalungu): Madam Speaker, this is in relation to your directive. I raised a number of issues here concerning the Higher Education Students Loan Scheme. The Committee on

Education and Sports even went to the extent of meeting the Ministry of Finance, Planning and Economic Development, the Ministry of Education and Sports and the PS/ST to get the money for our students who are studying on loan. However, recently, we saw a circular from the scheme's Board where they failed to get just Shs 6 billion to give these needy students who want to study on the loan scheme, yet, they pay only Shs 4.5 million per semester. The same Government is paying Shs 18 million per semester for each of the 4,000 students who are highly privileged.

Can we get communication from the Ministry of Finance, Planning and Economic Development why they have refused to obey your directives to raise the Shs 6 billion for our students yet we put the law in place regarding the Higher Education Students' Loan Scheme and its Board? This law was providing for any student to study, but they only picked out those for sciences because there is no money. Now, even for those of sciences, it is not given.

You are giving Shs 18 million for privileged families to attend university education on Government sponsorship, but the Shs 4.5 million has failed, yet students borrow this money and they pay later after qualifying. If Government is borrowing money from other countries, how does it fail to lend to young people who are failing to study?

Madam Speaker, the ministers are here. Why are they fighting your directives?

THE SPEAKER: They are not fighting my directives. Honourable members, we have a report on the Higher Education Students Loan Scheme. Where is Hon. Ssenyonyi? He is going to present a report to that effect. We will debate it and see a way forward.

LAYING OF PAPERS

THE BIOFUELS (LICENSING) REGULATIONS, 2022

THE SPEAKER: Honourable members, the Biofuels Act was passed in 2018.

These regulations are an integral part of operationalising the Act. That is what the minister is laying.

3.04

THE MINISTER OF STATE FOR ENERGY AND MINERALS DEVELOPMENT (MINERALS) (Mr Peter Lokeris): Madam Speaker, as provided for in Section 20(1) and (4) of the Biofuels Act, 2020, I have the honour to present the Biofuels (Licensing) Regulations 2022.

The regulations came to operationalise the Biofuels Act, 2020 for the licensing of the production, processing, transport and blending of biofuels, that is ethanol and biodiesel with fossil fuels. Fossil fuels are petrol and diesel respectively. This is, therefore, to lay the regulations before Parliament. I beg to lay.

THE SPEAKER: Thank you. The regulations are not for approval, but to be put in the Library for your perusal. Procedure?

MR MAYANJA: Thank you, Madam Speaker, for the opportunity. On 29th June, you directed the Minister for Energy and Minerals Development to present an agreement that Government signed with South Sudan Government to sell energy from the former to the latter. You said that the minister should lay on the Table that specific agreement so that Ugandans get to know the terms and conditions of that agreement.

Wouldn't it be procedurally right that at this very moment, the minister lays the agreement? Thank you.

THE SPEAKER: Honourable minister, I do not know if you were in the House that day. Before we do that, you said that the Biofuels (Licensing) Regulations, 2022 under Section 20 of the Biofuels Act, 2020. The regulations we are talking about are of 2018. Which one do you mean, 2020 or 2018?

MR LOKERIS: Madam Speaker, the Act is around –

THE SPEAKER: Hon. Odur, when was the Act?

MR LOKERIS: These papers are many. Number 14 is also of 2020, which brought about the regulation we made in that year and they are laid out now.

In case, we needed to, the Act is here – I beg to lay. *(Laughter)*

THE SPEAKER: Honourable members, the Biofuel Act that we have is of 2018. We do not have the one of 2020. What was assented to – and I want you to just check here – is of 2018. It was assented to by the President on 4 June 2018, not 2020. So, you need to make a correction and bring it back. Withdraw your document.

MR LOKERIS: Much obliged, Madam Speaker.

THE SPEAKER: Thank you. Then, there was something that was asked for; the agreement between Uganda and South Sudan.

3.11

THE MINISTER OF STATE FOR ENERGY AND MINERAL DEVELOPMENT (ENERGY) (Mr Sidronius Okaasai): Madam Speaker, the agreement was signed a week ago. I was not aware that I was expected to lay it on the Table, but I will bring it and lay it tomorrow.

THE SPEAKER: Thank you.

MR KATUSABE: Thank you, Madam Speaker. I am sorry for my persistence in asking for this procedural matter. Leadership is the ability to identify a problem and prescribe a solution before the problem translates into a crisis.

Madam Speaker, on 12 June 2023, the United States Department issued a travel advisory of a possibility of a terrorist attack in our country. Sadly, on 16 June 2023, Kasese had a tragedy. This very month, on 2 June, the UK Government issued another travel

advisory warning the citizens of this country of an imminent serious indiscriminate terrorist attack that could unload in a month; everything else can wait, but not human life.

My procedural issue is, is this House in a position to get assurance from Government of Uganda, specifically our security, that yes, we have absorbed this intelligence information and we are doing everything within our reach to scale up our capabilities in terms of rapid response, hardware and software capabilities to avert any terrorist attacks?

Personally, as somebody who comes from the Kasese community, I would not want what happened in Kasese to occur anywhere else in our country. That is my procedural issue.

THE SPEAKER: Thank you. The procedural issue has been received and just to let you know that the US Government does not run our security. We will wait for our security in Uganda to give us an update. I believe they are alert to what is happening.

LIST OF INTERNATIONAL CONVENTIONS, TREATIES AND PROTOCOLS THAT UGANDA IS PARTY TO AND HAS NOT RATIFIED

THE SPEAKER: Honourable members, pursuant to Article 123 of the Constitution of the Republic of Uganda and Rule 40 of the Rules of Procedure, it is imperative that this House is always informed of the status of conventions that need ratification, and the treaties and protocols that are bound to be ratified by Uganda. I, therefore, invite the minister to come and lay them on Table.

3.16

THE MINISTER OF STATE FOR FOREIGN AFFAIRS (REGIONAL AFFAIRS) (Mr John Mulimba): Thank you very much, Madam Speaker. I have with me the status of Uganda's ratification of international treaties and protocols. Reference is made to the above mentioned subject, I wish to inform you that Uganda has made significant progress in demonstrating our commitment as a member of the international community of states.

In this regard, Government has ratified and acceded to important international instruments, taking into account preservation of national sovereignty values and legislation. Due consideration is also given to the need for the country to become a party to those instruments whose membership spurs national development.

I wish to also inform Parliament that the decision to ratify or accede to treaties lies primarily with Cabinet or Parliament in accordance with Section 2 of Ratification of Treaties Act, Cap 204 of 1998. The process of ratification or accession of any treaty is led by the line ministry or minister responsible for its implementation.

Pursuant to Section 3 of Ratification of Treaties Act, the minister or Ministry of Foreign Affairs is responsible for preparation, signature, deposit ratification and accession instruments. A list of ratified instruments is hereby attached.

Madam Speaker, we hitherto prepared a list of all the treaties and conventions, but also put a column of those that Government has not ratified and also provided for reasons why. The annexure 1 is hereto attached. We have a number of 243 so far, and of those, we have those in the last column where we have not signed or ratified. I will take you to 239 as an example; the second –

THE SPEAKER: Honourable members, please, do not go away. We need quorum for us to pass the Bills. We have two very important Bills.

MR MULIMBA: Madam Speaker, we have attached an annexure, which has a total of 243 protocols. However, we have very few, which have not been ratified by the Government of Uganda.

THE SPEAKER: Read for us the treaties that you are laying on Table.

MR MULIMBA: Those that are not ratified are;

- i) Second Optional Protocol to the International Covenant on Civil and Political Rights, aiming at the abolition of the death penalty. We have not signed on this one and the reason is that the Ministry of Foreign Affairs (MoFA) has not received the ratification request from the line of ministry.
- ii) Optional Protocol to the Convention on Elimination of Discrimination against Women. The Ministry of Foreign Affairs has not a received a ratification request from the line of ministry.

Madam Speaker, I beg to lay them on Table. Thank you.

THE SPEAKER: Let us start with the Member for Usuk and then, listen to the Member for Bardege-Layibi.

MR OKIROR: Thank you, Madam Speaker. I have keenly listened to and watched the minister. He made reference to rule 40, which talks about the laying of treaties, protocols or international agreements before parliament.

The rule does not even state that you lay a list, but talks of laying those treaties before Parliament. Is he procedurally right to present a paper that is not a treaty, protocol or report and he tells us that he is laying them?

I beg your indulgence, Madam Speaker. Thank you.

MR OJARA MAPENDUZI: Thank you, Madam Speaker. I listened to the honourable minister while he was reading a list of protocols he said have not yet been signed or ratified.

In October 2021, I moved a motion seeking a resolution of Parliament to urge Government to sign and ratify The Treaty on the Prohibition of Nuclear Weapons.

The Committee on Foreign Affairs was given 45 days - that was in October 2021. The committee, to this day has never reported -

THE SPEAKER: Why don't we, first, receive the list of what has been ratified and not ratified before we can go to yours? We know how to address yours.

MR MAPENDUZI: I agree, Madam Speaker. My only concern was that he never included it among those that had not been signed. Thank you.

THE SPEAKER: How sure are you? Has he read all of them?

MR MAPENDUZI: I will wait, Madam Speaker.

THE SPEAKER: His work was to lay, not read. Yes, Hon. Tebandeke?

MR TEBANDEKE: Thank you, Madam Speaker. I rise on a procedural issue, under rule 7. Among the international conventions, treaties and protocols laid by the minister that the Government of Uganda is a party to, but has not yet ratified, I am getting worried that we have a protocol, in waiting, between the Government of Uganda and China in trading in fish and fish products, specifically fish maws. By statistics, the fisheries sector is the second-highest contributor to the GDP of this country.

Madam Speaker, very many local traders are going out of business because there is a lack of clear transactions between Uganda and China and a few individuals have monopolised this business. We also have many investors who have shifted to Kenya and Tanzania because of the lack of clear trading protocol between Uganda and China.

I got a draft of the protocol, properly written in Chinese and English, explaining the commitment that Uganda and China are to undertake. China is almost the number one transaction country in the world in terms of fish maws and Uganda is losing a lot.

This protocol was drafted in 2017 and discussed in 2019. Madam Speaker, I am getting dismayed because I even got a copy of a letter from the Ministry of Agriculture,

Animal Industry and Fisheries, writing to the President to give authority to conclude this protocol to ratify and normalise transactions between Uganda and China.

Madam Speaker, I need clarity on whether it is procedurally right for the minister in charge to come and outline a number of protocols, excluding the fishery sector, which is second in command in terms of the GDP of this country. I beg to submit.

THE SPEAKER: Do you have a copy of what the minister has laid on Table?

MR TEBANDEKE: Madam Speaker, you cautioned him to read, but he read only two, implying that even the document he laid consists of only two -

THE SPEAKER: I told him to lay. Just to allay your fears, one of the protocols being laid is what you are talking about. Isn't this what you are talking about – written in Chinese, English and Ateso? (*Laughter*) So, it is there.

MR TEBANDEKE: Much obliged, Madam Speaker. However, it would be more pleasant to get the content of the protocol. Thank you.

THE SPEAKER: Thank you.

3.25

DR ABED BWANIKA (NUP, Kimaanya-Kabonera Division, Masaka City): Madam Speaker, under the Protocol on the Establishment of the East African Community, the Government of Uganda and the East African states.

THE SPEAKER: Just a minute. Honourable minister, we want all those protocols at committee. You must give them to the committee to scrutinise.

DR BWANIKA: The Government of Uganda and the East African states are supposed to come up with mutual recognition agreements to facilitate the movement of labour within the East African Community.

There are many professionals, currently, who cannot work within the East Africa Community, including Uganda, because of the absence of the mutual recognition agreements. This has affected labour movement within the community.

It has even pushed us to the extent that whenever we come here to make laws, we want to include a clause reading “East Africa” instead of “Uganda”. We are aware that the other East African member countries have refused to peg their signatures on these mutual agreements.

Madam Speaker, I beg that the Minister of the East African Community Affairs lays on Table those mutual recognition agreements that have been signed by the Republic of Uganda to facilitate labour movement in this community.

THE SPEAKER: Thank you. We will let the minister know that. Rt. Hon. Prime Minister, you have heard what the Members are requesting for. Next item.

MOTION FOR A RESOLUTION OF
PARLIAMENT TO APPRECIATE HIS
EXCELLENCY THE PRESIDENT OF
THE REPUBLIC OF UGANDA FOR THE
CLEAR AND PRECISE EXPOSITION OF
GOVERNMENT POLICY CONTAINED
IN THE STATE-OF-THE-NATION
ADDRESS TO THE PARLIAMENT
OF THE REPUBLIC OF UGANDA ON
WEDNESDAY, 7 JUNE 2023

THE SPEAKER: Honourable members, this item has been on the Order Paper for the last two weeks. It has been debated upon and we will continue debating it. However, we want, first, to hear from the Leader of the Opposition. The debate can only continue once we hear from the Leader of the Opposition. The Leader of the Opposition has informed me that his submission will be ready on Thursday. So, we will hear from him on Thursday. Those who want to debate will give a rebuttal to what the Leader of the Opposition is saying and then, we shall put a question to it. Next item.

MS OPENDI: Madam Speaker, since you have already ruled that what the Minister of Foreign Affairs laid goes to the committee, some of us have interest in the treaties and I was checking on the intranet and the document is not uploaded. Wouldn't it be procedurally right that the document is uploaded so that some of us can have access? Thank you, Madam Speaker.

THE SPEAKER: We will upload it. That is very simple.

MR MPUUGA: Thank you, Madam Speaker. I was actually reminded by the Minister of Finance rising and I remembered that you ordered him together with the learned Attorney-General to lay before Parliament all Public Private Partnerships (PPPs) undertaken by Government on behalf of the people of Uganda, and they have never been laid.

Would it please you to remind the Minister of Finance, Planning and Economic Development by instruction, on when he should lay those PPPs before Parliament for consideration, aware that they have undertaken commitments on behalf of the people of Uganda, sometimes undermining our sovereignty and undertaking very flimsy agreement. Would you be pleased to remind him and give him a timeline, Madam Speaker?

THE SPEAKER: Minister of Finance, Planning and Economic Development, have you heard what is being asked for, the PPPs? Do we put it in writing?

3.31

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I am going to crosscheck and get back because I am not aware.

THE SPEAKER: Honourable minister, the House requested you to lay on Table the PPPs and you promised to do it. So, can we have them laid on Table? Not today, tell us when you can lay them.

MR MUSASIZI: Madam Speaker, I need two weeks to gather this information.

THE SPEAKER: Two weeks is okay, no problem. We have been waiting for five months, so, we can wait for another two weeks. Next item.

MOTION FOR RECONSIDERATION
OF THE TAX PROCEDURES CODE
(AMENDMENT) BILL, 2023 AS

RETURNED BY H.E THE PRESIDENT
IN ACCORDANCE WITH ARTICLE 91(3)
(B) OF THE CONSTITUTION AND RULE
142 OF THE RULES OF PROCEDURE OF
PARLIAMENT

THE SPEAKER: Honourable members, you will recall that on Wednesday, 3 May 2023, this House passed the Tax Procedure Code (Amendment) Bill, 2023. The Bill was duly transmitted to His Excellency the President for assent as per Article 91(3)(b) of the 1995 Constitution of the Republic of Uganda.

On 25 June 2023, His Excellency the President, through a letter dated 26 June 2023, communicated his decision to withhold his assent and returned the Bill for reconsideration, as per Article 91(3)(b) of the Constitution.

I subsequently referred the same Bill to the sectoral Committee on Finance, Planning and Economic Development and the chairperson is ready with the report. However, I will request the minister to move a motion.

3.34

**THE MINISTER OF STATE FOR
FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT (GENERAL DUTIES)**

(Mr Henry Musasizi): Thank you, Madam Speaker.

THE SPEAKER: Is Hon. Nandala-Mafabi in? Okay, Chairperson Bugisu Cooperative Union.

MR MUSASIZI: Thank you, Madam Speaker. I beg to move a motion that the Tax Procedures Code (Amendment) Bill, 2023 as returned by

His Excellency the President, be read for the second time.

THE SPEAKER: Is it seconded? It is seconded by Bunyoro, Ibanda, Karamoja, Local Government, Hon. Acon, Hon. Edakasi, Hon. Afoyochan, Hon. Kagwangye, Hon. Iddi and by the whole House.

Would you love to speak to your motion?

MR MUSASIZI: Madam Speaker, the Bill is seeking to amend section 38 of the Principal Act. We presented our justification to the committee and at this point, in the interest of time, the committee can report back.

THE SPEAKER: Honourable members, this Bill was debated upon and it is self-explanatory. So, can we hear from the Chairperson of the Committee on Finance, Planning and Economic Development?

3.36

**THE CHAIRPERSON, COMMITTEE ON
FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT (Mr Amos Kankunda):** Madam Speaker, indeed, this was brought to our attention as a committee. Allow me to lay on Table a copy of the report and the minutes together with the addenda of the meetings.

THE SPEAKER: Please lay.

MR KANKUNDA: Madam Speaker, on the 29th of June, you referred to the Committee on Finance, Planning and Economic Development, the Tax Procedure Code (Amendment) Bill, 2023 as returned by His Excellency the President for reconsideration.

The committee commenced the consideration of the said Bill under Rule 143 through consultation with different stakeholders and hence, the report. Amendments to the Tax Procedure Code Act as returned for consideration and the proposed amendment in Section 38 of the Tax Procedures Code Act to prescribe the order of payment of allocation rules.

Methodology

The committee held meetings and received memorandum from the following in its consideration of this Bill.

We were able to meet:

1. the Ministry of Finance, Planning and Economic Development;
2. the Attorney-General;
3. the Ministry of Energy and Mineral Development, and the Uganda Revenue Authority.

Observations and recommendations of the committee

Arising from the committee's interaction with the stakeholders above, the committee made the following observations and recommendations:

The committee observed that the proposed amendments to Section 38 of the Principal Act were not part of the clauses proposed by the honourable minister of finance for consideration while laying on the Table, the Tax Procedure Code (Amendment) Bill, 2023, on 30 March 2023.

The committee observed that Rule 116(2) of the Parliamentary Rules of Procedure is to the effect that the Bill shall not contain anything foreign to what its long title imports. This rule's interpretation was buttressed in the constitutional case of *Male Mabirizi and others v the Attorney-General*.

The committee, concluded that the proposed amendments to Section 38 of the Tax Procedure Code (Amendment) Act were irregular as far as it was foreign to the long title of the Bill. Therefore, recommend that the proposed amendment of Section 38 of the Tax Procedures Code Act be deleted. I hereby report, Madam Speaker.

3.40

MR NATHAN NANDALA-MAFABI (FDC, Budadiri County West, Sironko): Thank you, Madam Speaker. If committees start saying there is no need to introduce anything new in a Bill, then we are setting a dangerous precedence.

Madam Speaker, the moment a Bill comes up for an amendment, it means you are opening up that Act for anything. The only thing the committee should have said, when the amendment was being made is that the amendment should have been made on the long title. Colleagues, why we never raised this further was because the committee agreed that these things would be coming in the next financial year.

Madam Speaker, they are calling me to order, but I do not think that point of order is in order. *(Laughter)* Otherwise, the person trying to put me to order has been a vice chairperson for long; they could not even make her the chairperson. This means she is very incompetent to be a chairperson.

THE SPEAKER: Hon. Nathan, can you withdraw that insult on a woman?

MR NANDALA-MAFABI: Okay, Madam Speaker. Let her sit and then I withdraw. I withdraw those comments saying the vice chairperson could not-

THE SPEAKER: Raise your point.

MR NANDALA-MAFABI: Okay.

THE SPEAKER: Do we have a minority report on this?

MR NANDALA-MAFABI: No. Madam Speaker, why we were raising this is because it was an agreed position that we do not raise a minority report. However, it should be noted that in the next-

THE SPEAKER: Note taken. Hon. Nathan has not been around so he wants to make people know that he has come back.

Honourable members, we have taken note of what he is raising and it is indeed a pertinent issue. Anyone else?

3.42

MR ARINAITWE RWAKAJARA (NRM, Workers' Representative): Madam Speaker, you clearly guided that we debated the Bill and exhausted it. Therefore, I am moving a motion that we go to the Committee Stage so we conclude this business.

THE SPEAKER: Is the motion seconded? [Members: "Yes "] It is seconded by Hon. Avur, Hon. Acon, Member for Ibanda, Hon. Nandala Mafabi -(Laughter)-, Hon. Okot, Hon. Acuti, Hon. Conny - by the whole House.

Honourable members, as we wait for Mr Okema, in the public gallery this afternoon, we have councillors from Kasilo County, Serere District, represented by Hon. Okupa Elijah and Hon. Adoa. You are most welcome. Where are you? Please stand up. This is your Parliament. Thank you for coming.

Honourable members, we are confirming quorum. We have 186 Members attending physically and 15 virtually. That gives us a total of 201; so we have the quorum.

I now put the question that the Tax Procedure Code (Amendment) Bill, 2023 as returned by His Excellency the President in accordance with Article 91(3) of the Constitution and Rule 142 of the Rules of Procedure be considered by this House.

(Question put and agreed to.)

**BILLS
COMMITTEE STAGE**

**THE TAX PROCEDURES CODE
(AMENDMENT) BILL, 2023**

Clause 38

3.46

MRAMOSKANKUNDA (NRM, Rwampara County, Rwampara): Madam Speaker, in clause 38(1)(a) and (3), we propose to delete.

THE CHAIRPERSON: Justification?

MR AMOS KANKUNDA: Madam Speaker, the justification is that this section was initially not brought for amendment and therefore, foreign to the amendment proposed.

MR KIVUMBI: Madam Chairperson, we never raised an objection, but take note of the comment of Hon. Nandala-Mafabi. It is a little bit of a short change, but we can live with it.

MR MUSASIZI: Madam Chairperson, I agree with the committee position.

THE CHAIRPERSON: Thank you. I put the question that clause 38 be deleted as proposed.

(Question put and agreed to.)

Clause 38, deleted.

MOTION FOR THE HOUSE TO RESUME

3.48

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Chairperson, I beg to move a motion that the House do resume and the Committee of the whole House reports thereto.

THE SPEAKER: I put the question that the House does resume and the Committee of the whole House reports thereto.

(Question put and agreed to.)

(The House resumed, the Speaker presiding.)

**REPORT OF THE COMMITTEE OF THE
WHOLE HOUSE**

3.49

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): I beg to report that the Committee of the whole House has considered the Tax Procedures Code (Amendment) Bill,

2023 as returned by H.E. the President and passed it with amendments.

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

3.50

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move a motion that the report from the Committee of the whole House be adopted.

THE SPEAKER: I put the question that the House adopts the report from the Committee of the whole House.

(Question put and agreed to.)

Report adopted.

BILLS
THIRD READING

THE TAX PROCEDURES CODE
AMENDMENT BILL, 2023

3.53

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move that the Tax Procedures Code (Amendment) Bill, 2023, as returned by H.E. the President, be read for the third time and do pass.

THE SPEAKER: I put the question that the Tax Procedures Code (Amendment) Bill, 2023, as returned by H.E. the President, be read the third time and do pass.

(Question put and agreed to.)

A BILL FOR AN ACT ENTITLED,
“THE TAX PROCEDURES CODE
(AMENDMENT) ACT, 2023”

THE SPEAKER: Bill passed and title settled.

MOTION FOR RECONSIDERATION OF THE INCOME TAX (AMENDMENT) BILL, 2023 AS RETURNED BY H.E. THE PRESIDENT IN ACCORDANCE WITH ARTICLE 91(3)(B) OF THE CONSTITUTION AND RULE 142 OF THE RULES OF PROCEDURE

THE SPEAKER: Honourable members, as you recall, on Tuesday, May 2023, this House passed the Income Tax (Amendment) Bill, 2023. The Bill was duly transmitted to the President for assent as per Article 91(2) of the Constitution of the Republic of Uganda, 1995.

On 29 June 2023, H.E. the President, through a letter dated 26 June, returned the Bill unsigned in accordance with Article 91(3)(b) of the Constitution. I subsequently referred it to the sectoral Committee on Finance, Planning and Economic Development and I am aware the report is ready. However, the minister will move a motion to that effect.

3.53

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Thank you, Madam Speaker. I beg to move a motion that the Income Tax (Amendment) Bill, 2023, as returned by H.E. the President, be read for a second time.

THE SPEAKER: Is the motion seconded? Seconded by Hon. Loy, Hon. Hellen, Member representing the Elders, Hon. Emily, Hon. Mbabazi, Hon. Charity, Hon. Shartsi, Hon. Aza, by the ministers and by the whole House.

3.53

MR JONATHAN ODUR (UPC, Erute County South, Lira): Madam Speaker, when you were mentioning the names of seconders, you said it is seconded by the whole House –

THE SPEAKER: That is what I saw.

MR ODUR: This is a House of record and so, I would like to beg your indulgence. In future, when there are contestations on this matter, you would have waived the right of people who did

not second because the records will show you were there and seconded yet you did not.

I think that going forward, in future, we should capture the records as accurately as it is so that it shows the reservations that people have. It would help this House a lot.

THE SPEAKER: Can you speak to your motion, Minister Musasizi?

MR MUSASIZI: Thank you, Madam Speaker

THE SPEAKER: It was seconded by the whole House that I saw. There are those I did not see.

MR MUSASIZI: Thank you, Madam Speaker. In summary, the Bill is seeking to cap the period under which they carry forward losses that can be fully allowed for tax purposes.

The Bill also seeks to define unit trust in the meaning of the company to include the meaning of the unit trust in the definition of the company.

The Bill is seeking to introduce withholding tax on income derived by a non-resident person from the provision of digital services in Uganda.

The Bill seeks to extend the tax waiver for Bujagali for another year, from 1 July 2023 to 30 June 2024.

Madam Speaker, I would like to make a small statement on the Bujagali proposal. It is important that Government fulfils its obligation with the Bujagali Hydropower Project. The waiver of the corporate income tax was one of the strategies negotiated with Bujagali to reduce electricity end-user tariffs. The purpose of this amendment is to reduce the average electricity tariff for the Bujagali power project by US cents 4.7 from US cents 10.62 per kilowatt hour during the period 1 July 2022 to 30 June 2027.

Madam Speaker, you may note that according to the power purchase agreement with Bujagali

power project, all taxes are supposed to be recovered from the power tariff. This implies that without the corporate tax waiver, Ugandans will pay very high-end user tariffs which has implications on the economy.

With this justification and in order to prevent the cost of power from going up, I would like to appeal to this House to agree with our position and extend this waiver by an additional year.

Let me also take this opportunity to thank you, Madam Speaker, and this House. In 2017, the House allowed Government to extend this waiver by five years. This year, we have just completed it. Last year, we also pleaded and the House was able to give us another extension of a year. Here we are, still grappling with the same problem. We continue to appeal to you, honourable colleagues, to appreciate this case and save the cost of power from going up. Thank you.

THE SPEAKER: Can we have a report from the committee? Honourable members, remember this issue came up last year and we gave an extension of a year. The ad hoc committee, which was chaired by Hon. Kateshumbwa, made very good recommendations. However, we made a recommendation for a forensic audit, which never took place.

I was actually surprised, last week, to see a letter from the Auditor-General, asking for funds to do a forensic audit on Bujagali. Please, go ahead - let him make his report. Hon. Nandala-Mafabi, let him present; you will present yours and then come to a harmonised position. I am going to give you a chance.

4.00

THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Amos Kankunda): Madam Speaker, the returned Bills were considered by the committee and I hereby report.

The following proposed amendments in the Income Tax (Amendment) Bill were returned for reconsideration by His Excellency the President of Uganda:

- a) Clause 12: seeking amendment of Section 38 of the Income Tax;
- b) Clause 16, seeking to introduce a tax on income derived by non-resident persons for the provision of digital services in Uganda;
- c) Amendment of Section 2 of the Income Tax Act to amend the definition of a company, and;
- d) A new clause granting a further one-year extension of the corporate income tax waiver to Bujagali Energy Limited.

The committee held meetings and received memoranda from the following:

- a) The Minister of Finance, Planning and Economic Development;
- b) The Attorney-General;
- c) The Minister of Energy and Minerals Development;
- d) Uganda Revenue Authority.

Observations and recommendations

Arising from the committee's interaction with the stakeholders mentioned above, the committee made the following observations and recommendations.

Capping of carried forward losses to 50 per cent

The committee observed that the amendment is intended to limit the avoidance of payment of corporation tax revenue by taking advantage of the current provisions of the law, which allow businesses to carry forward all tax losses indefinitely and without any restriction. It further observed that allocating carried forward losses to taxpayers indefinitely incentivises them to over claim losses and, hence, enabling them to remain in an artificial loss making position.

The committee further observed that the proposal will not affect any genuine persons because the law will allow 100 per cent carried

forward losses for five years and 50 per cent for the following five years. This is in addition to all the allowable deductions and capital deductions provided under sections 25 to 33 of the Income Tax Act. In addition, citizens have the benefit of a 10-year tax holiday under section 21, whose minimum requirement for citizens is an investment of Shs 1 billion as compared to \$10 million for non-citizens.

The above notwithstanding, the committee noted that some businesses may find it difficult to pay taxes and remain operative even after five years, especially capital-intensive businesses such as those in the oil and gas, telecom and construction sectors. However, the committee agrees that these measures should be reviewed in future.

The committee, therefore, recommends that the capping of the carried forward losses to five years be maintained in the Bill.

Definition of a company to exclude unit trust – amendment of section 2 of the principal Act

The committee observed that on 30 March 2023, the Ministry of Finance, Planning and Economic Development presented to the House the Income Tax (Amendment) Bill 2023. Therein, it was proposed that effective 1 July 2023, the profit on the contribution paid or credited to a participant of a collective investment scheme should be subjected to withholding tax at a rate of five per cent or 15 per cent of such profit, depending on the amount invested. This proposal was later withdrawn by the minister.

The committee observed that Rule 116(2) of the Rules of Parliament is to the effect that the Bill shall not contain anything foreign to what its long title imports.

By withdrawing all clauses on collective investment schemes, the minister essentially withdrew any aspect of the long title that relates to the collective investment schemes, including redefinition of the company to exclude unit trusts. This rule's interpretation was buttressed in the Constitutional Court case of *Male Mabirizi & Others v. Attorney-General* in 2018.

The committee concluded that the proposed amendment to the definition of the company under Section 2 of the Income Tax Act was irregular as far as it was foreign to the long title of the Bill.

The committee, therefore, recommends that the proposed amendment to section 2 of the principal Act be deleted and the definition of a company be maintained in the principal Act without necessarily affecting the unit trust.

Withholding tax on income derived by non-resident persons from the provision of digital services in Uganda

The committee observed that the proposal intends to introduce withholding tax imposed on income derived by non-resident persons from provision of digital services in Uganda. The proposal is meant to majorly cater for taxation of the digital economy such as Facebook, Twitter, Amazon and Netflix, among others.

The committee agrees with His Excellency the President that the clause does not apply to resident companies, as posited in the minority report on the matter and should, therefore, be reinstated in the Bill.

The committee further observed that the multinational companies which are being targeted by the proposal are already in agreement to file returns for the proposed digital tax with Uganda Revenue Authority and that they are currently already filing and paying Value Added Tax.

The committee also noted that this does not affect the business process outsourcing. May I emphasise, as earlier said, that this does not affect the users. The committee emphasised that this is not a social media tax and it will not affect an ordinary Ugandan in any way for the simple reason that the multinational enterprises will be allowed a tax credit in their own country for taxes paid in Uganda. For example, if a Ugandan uses Uber in Uganda, the money goes to California and no tax is paid here because we do not have a charging section or resource rule.

Therefore, in this proposal, five per cent of the money Ugandans pay to use the Uber platform shall be reduced as a tax credit from the State of California.

The committee recommends that the proposal of taxing income derived by non-resident providers of digital services in Uganda be maintained.

Tax waiver of Bujagali Energy Company Limited

The committee observed that in the Financial Year 2021/2022, the ministry presented the Income Tax (Amendment) Bill, 2021, which among others, proposed the extension of the tax waiver to Bujagali Energy Limited by five years, as earlier reiterated by the minister. During its consideration by plenary, the Rt Hon. Speaker instituted a select committee to further inquire into the efficacy of the tax waiver.

The select committee concluded its assignment and reported back to this House on 15 March 2023 with the following recommendations:

- a) The Auditor-General should undertake a value-for-money audit on Bujagali Energy Limited to establish the actual effect of the cost drivers on the tariff;
- b) The Auditor-General should audit Bujagali Energy Limited as per the National Audit Act, given that the Government of Uganda is a shareholder in the project/company;
- c) The Inspector General of Government should investigate the \$15 million expensed through Uganda Electricity Transmission Company Limited to ascertain how, where and whether the money was spent;
- d) The Auditor-General audits the application of the US\$ 15 million expensed to Uganda Electricity Transmission Company Limited (UETCL);
- e) The Bujagali Energy Limited should refund the Government of Uganda the

- wrongly claimed insurance costs with interest;
- f) Through the Ministry of Energy and Mineral Development, the Government of Uganda should initiate processes to renegotiate power purchase agreements with Bujagali Energy to provide a cap to return on equity and utilisation factor to reduce the tariff costs;
- g) Uganda Revenue Authority (URA) should undertake a comprehensive tax audit on Bujagali Energy Limited to ascertain compliance with tax obligations and also recover all the taxes due from Bujagali Energy Limited prior to exemption;
- h) The Government of Uganda should institute a strong monitoring team to ensure the integrity of the facility until its handover;
- i) Government should buy out a percentage of the debt to lower tariff costs in the long term. Additionally, financing projects such as the Bujagali Hydropower Project through internally generated resources like equity would be cheaper. Government should consider the listing of Uganda Electricity Generation Company Limited (UEGCL) to solicit capital from the public;
- j) Uganda Electricity Generation Company Limited (UEGCL) should put in place strategies to increase power supply so as to meet the growing demands.
- with the Auditor-General. In addition, the draft terms of reference for the assignment have been finalised. These were laid before the committee during our interaction with the Ministry of Energy and Mineral Development. The audit is anticipated to take a period of six months upon commencement.
- ii) The Government of Uganda Committee was established to review the process of initiating renegotiation of the power purchase agreement. The committee includes the Attorney-General, the Ministry of Finance, Planning and Economic Development, the Ministry of Energy and Mineral Development and the Electricity Regulatory Authority.
- iii) The Uganda Revenue Authority has commenced a tax audit of Bujagali Energy Limited and the audit will inform the next course of action.
- iv) Quarterly monitoring of all power plants in the country is being carried out by the Ministry of Energy and Mineral Development and Electricity Regulatory Authority (ERA), including Bujagali Power Plant.

The Ministry of Energy and Mineral Development is analysing a financing framework to recapitalise and ensure financial stability on the Government of Uganda companies of UEGCL, UETCL and UEDCL. These companies will take over operation of the various electricity infrastructure as the respective private concession agreements come to a natural termination.

Madam Speaker, I have just reiterated the recommendations that were made by the ad hoc committee.

The committee, therefore, observed that Government is undertaking the following actions to implement the select committee's recommendations:

- i) The process to undertake the audit on Bujagali Energy Limited has begun with a number of preparatory meetings held
- Madam Speaker, the Ministry of Energy and Mineral Development has implemented the following electricity demand growth initiatives:
- a) Cooking tariffs for domestic consumers for 70 units at lower tariff Shs 412 kilowatts per month;
- b) Rebate policy to facilitate quick connection of the industrial consumers to the national grid;

- c) Declining block tariff structures for large and extra-large industrial consumers;
- d) Investment in development of substation and electricity infrastructure in industrial parks like Luzira, Namanve, Kapeeka, Mukono, Iganga, Mbale, Entebbe, Mirama Hill among others;
- e) Investment in improvement of reliability and quality of supply;
- f) Change of the industrial tariff structure to provide for low retail tariff for industrial consumers that commit to increase demand;
- g) New connection through a hybrid financing framework is also under consideration; and
- h) Regional power trade.

Therefore, the committee concludes that it is necessary to grant a one-year extension to Bujagali Energy Limited in order to protect the end users from high tariff while at the same time enabling Government to implement recommendations of the Parliament on the same.

The committee recommends that Corporate Income Tax for Bujagali Energy Limited be waived for one year. I hereby submit.

THE SPEAKER: Thank you very much, Chairperson of the Committee on Finance, Planning and Economic Development. You did not tell us you have a minority report because that is part of your report.

MR KANKUNDA: Madam Speaker, even those who submitted were hesitant, but I hereby submit that we have a -

THE SPEAKER: They were not hesitant. You should have said attached to your report, is a minority report signed by the different Members as per the rules -

MR KANKUNDA: Much obliged, Madam Speaker. Pursuant to Rule 205 of the Rules of Procedure, some two Members -

THE SPEAKER: Honourable member, pursuant to Rule 205, the minority report has been presented by Hon. Nandala-Mafabi and Hon. Kivumbi. Does it cost you much to say that?

MR KANKUNDA: No; it does not, Madam Speaker. Pursuant to Rule 205 of our Rules of Procedure, I have a minority report which has been signed by Hon. Muwanga Kivumbi, Member for Butambala and Hon. Nandala-Mafabi, Member for Budadiri West. I hereby submit.

THE SPEAKER: Thank you. Honourable member, can you present your minority report?

4.18

MR NATHAN NANDALA MAFABI (FDC, Budadiri County West, Sironko): Thank you, Madam Speaker. Number one, it is true, we are the two members who came up a minority report and one of them is the Shadow Minister of Finance - he is my boss. I would to ask him if he has some guidelines he wants to put across before I begin. Otherwise, I might be disciplined. *(Laughter)*

4.18

MR MUHAMMAD MUWANGAKIVUMBI (NUP, Butambala County, Butambala): Madam Speaker, for us in NUP, we give absolute delegation. He is here to do the needful and you are fully in charge, sir.

THE SPEAKER: In Parliament here, we do not have NUP.

MR NANDALA-MAFABI: Thank you, Madam Speaker. One, we are going to deal with the issue of losses, Bujagali, digital services, and the taxation of units.

I have been directed by my minister to deal with A, B, then I will deal with C and D, if he redirects me to do so.

On 2 May 2023, Parliament enacted the Income Tax (Amendment) Bill 2023. The same was referred to the President for assent.

In a letter dated 26 June 2023, the President returned certain clauses in the Income Tax (Amendment) Bill, 2023 for reconsideration. Of course, the committee, which is chaired by my younger brother, Hon. Amos, has prepared a report and we have a few dissenting views.

According to Rule 205 of the Rules of Procedure of Parliament of Uganda, a minority report will indicate its dissenting opinions from the majority report. Madam Speaker, these are our areas of dissent:

- a) Capping of carry-forward losses.
- b) Exemption from tax of the taxable income of the Bujagali Hydropower Project.
- c) Imposition of tax on non-residents providing digital services
- d) Taxation of trusts unit.

Capping of carry-forward losses

A taxable loss is after adjustment from trading results, disallowing (adding back) expenses not allowable for tax purposes and allowing deductions (subtracting) allowables for tax purposes. An example:

- i) Depreciation, donations, and expenses not related to the business are disallowed for tax purposes.
- ii) Allowable deductions include capital allowances and other tax allowances as per the tax laws, for example, sections 21, 27A, and 29 of the Income Tax Act.

Madam Speaker, what I am trying to demonstrate here is that you can do sales and knock off expenses and make a profit. It is called a trading profit. Under accounting standards, you can pay dividends to the owners of the money from that trading profit. But for tax purposes, you will discover that instead of a trading profit, it is converted into a tax loss. This is what I am going to demonstrate.

Madam Speaker, a big capital investment, say 10 billion, will take a long time to have the investment recovered. Let us take an example - if you say this should be recovered in five

years, it means you would take 10, divide by five and it would give you Shs 2 billion. Which business in Uganda will make a profit of Shs 2 billion a year? Not even smuggling or drugs can.

Two, the main cause of tax losses is giving capital allowances to the businesses as per tax laws and also including Sixth Schedule of the Income Tax Act.

Depreciation in a business of trading- it could be 5 per cent, but when it comes to capital allowances, they give 50 per cent. So 50 per cent will lead to a taxable loss.

A business will make a trading profit as per accounting standards and even pay dividends, but will make a taxable loss due to allowances like capital deductions.

Madam Speaker, we have a demonstration. We want to take an investment of 10 billion. Under this law, which we are going to quote - and we want to state that this law has even been amended - section 27A, which we have just amended says, "A person who places an item of a legible property into service for the first time outside the radius of 50 kilometres from the boundaries of Kampala during a year of income is allowed a deduction for that year of an amount equal to 50 per cent of the capital base of the property at the time it was placed into service".

So, we want to demonstrate with the Shs 10 billion. You have 10 billion, and you have been allowed 50 per cent in the first year. That means, you are allowed to remove from your trading profits Shs 5 billion out of the Shs 10 billion. Then you are given the 20 per cent allowance as per section 29 and you have Shs 1 billion. That means, in the first year, you are already entitled to a capital allowance of Shs 1 billion.

Now, I want to demonstrate to you the profit. You have made a profit of Shs 200 million, add depreciation of Shs billion, when you remove a capital allowance of Shs billion, you will end up with a taxable loss of Shs 4.8 billion.

Next year, you increase to Shs 250 million - we are assuming these are businesses that have started making a profit immediately. But for most businesses, when you start, it takes about three to four years before it starts generating some profit. We have assumed that in the first year, you have started making and the same for the second year; add back Shs 1 billion, remove Shs billion as a capital allowance, and you have a Shs 4.5 billion carry loss.

The next year, you make Shs 300 million - by the fifth year, you would still have a loss of Shs 3.5 billion. This loss is caused due to capital allowances.

Madam Speaker, you would be making trading profits, but this would lead to tax loss as per the law.

To address the main issue of capital allowance, I will look at it through the following:

- i) Removing section 27A, which we have done. The moment we do that; it means companies are going to take a lesser time to deal with the recovery of capital. So, there are no more initial capital allowances.
- ii) The rate under the Sixth Schedule - I will give an example. In earlier years, industrial buildings were being given 2 per cent as a capital deduction. They were assuming that the industrial building would live for 50 years, but now, you are at 40 per cent. Hotels were being given 4 per cent, now, you are at 40 per cent. So, these big capital allowances as per law, are the ones causing big deductions in arrears and leading to taxable losses.

Madam Speaker, every year URA goes to Brussels for what they call World Customs Organisation. There is a huge book; it has even the price of a pin. Even this bottle is in that book. This means URA must use those World Custom Organisation rates to determine the price. Everything is in that book. Why are they getting defeated? Somebody brings a pin for Shs 1,000 and claims Shs 5,000. This is a weakness on part of URA and we cannot make a law to promote weaknesses or inefficiencies.

THE SPEAKER: By the way, Hon. Nandala-Mafabi used to work at URA. Therefore, part of the weakness started at that time.

MR NANDALA-MAFABI: Madam Speaker, I have a record. I was a teacher and everyone knows I was the best teacher. I taught them to deal with criminals.

I have even my students in this House and I can show them to you. Ask Hon. Kateshumbwa. *(Laughter)* Back duty and tax investigation should be intensified. Expenses of one business is an income of another business, for example, if you borrowed Shs 10 billion from Stanbic Bank to go and put up a rental building and it is charging you 20 per cent interest, it means 20 per cent of Shs 10 billion is Shs 2 billion. It will be the income of Stanbic Bank, which will be subjected to tax. Am I clear?

So, I can be making losses here, but my expenses and income are for another one. And now Stanbic Bank is making interest of 20 per cent on my Shs 10 billion.

There is no loss because the lender will bring a profit. I will demonstrate with you, Members of Parliament. Majority of Members of Parliament borrowed some money to build rental houses. I will give a very simple one. You borrowed Shs 200 million and bought a quarter an acre at Shs 50 million. You put up a building of Shs 150 million and it is giving you Shs 1 million per month. That means you earn Shs 12 million per year. You are paying rental tax and at the end of 20 per cent, you end up with Shs 9.6 million per year.

For the Shs 200 million you borrowed from Post Bank, they are charging you 20 per cent. So, 20 per cent multiply by Shs 200 million, how much is that? The money you have borrowed is generating Shs 40 million as So, I can be making losses here, but my expenses and income are for another one. And now Stanbic Bank is making interest of 20 per cent on my Shs 10 billion. Shs 10 billion from Stanbic Bank to go and put up a rental building and it is charging you 20 per cent interest, it means 20 per cent of Shs 10 billion is Shs 2 billion. It will be the income of Stanbic Bank, which will be

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For the Shs 200 million you borrowed from Post Bank, they are charging you 20 per cent. So, 20 per cent multiply by Shs 200 million, how much is that? The money you have borrowed is generating Shs 40 million as income to Stanbic or Postbank.

In short, for the Shs 200 million you borrowed, you are paying Shs 40 million as interest to the other place, which is also being subjected to tax. How long will it take to recover that money? It will take more than 20 years for a Member of Parliament to recover that investment. If you are 78 years old, add on the 20 years, you will be 98 years old and that is when you will start recovering the money.

Madam Speaker, you are talking of capping. Suppose a very good man makes money in the fifth year, what happens in the sixth year when he makes losses? The law is not addressing where people decided to make taxable income and start going back to losses. Therefore, we should not make a law which will be complicated to administer.

We would like to inform you that we even made recommendations and if my committee together with my brother, Hon. Kivumbi accepted, they would have been good to absorb them. This is what we stated:

- i. Let us professionalise URA rather than making a law to promote inefficiency.
- ii. Intensify tax investigations. These are investigations to deal with people whom we believe are invading. Honourable colleagues, a question was put to URA; where is an example, that you have carried out and discovered that you have made a loss of Shs 240 billion? Up to now, the report has never come. It is just a rumour and that is what they are bringing.
- iii. Intensify the exchange of information as per the law passed to deal with over-the-border transactions. Honourable colleagues, recently, we passed a law to deal with over-the-border, Kenya inclusive. Now, you can exchange information. Suppose Hon. Muyingo said: "I bought this car from Dubai at US\$ 50,000." You are free even to get information and discover that he bought it at US\$ 100,000. This is an exchange of information and we have passed the law.
- iv. Apply Section 90 of the Income Tax Act of re-decharacterisation of transactions which are not at arm's length. URA is authorised to reclassify, if it believes the transaction is not at arm's length, especially when you talk about multinationals, where there is transfer pricing, over-exaggeration of prices and dealing in tax revenues. Madam Speaker, we are ready to give URA free knowledge.
- v. Electronic Fiscal Receipting and Invoicing System (EFRIS) should be applied to all traders. This means that if you bought an item, URA immediately picks it that you received Shs 1,000 for selling a bottle of soda in a supermarket. Likewise, the one who drank it, if he also has an EFRIS, it will be at his cost.
- vi. Lower capital allowance rates and remove the generalised capital allowance as done under Section 27 of the Income Tax, if we remove the Sixth Schedule of the Income Tax and lower from 40 maybe to 5, 30 to

10, 20 to 5, in initial years, you will see companies returning taxable income.

- vii. Look for the sources where the so-called investors are getting funds and apply the best practices, that is, a bag of cement ordinary is not more than Shs 32,000. Why would somebody claim Shs 40,000? We were just giving URA information. But also, if somebody says “I put up a building of Shs 10 billion”, you should find out his source of income so that you determine it; maybe he has been selling goats and not declared the income from selling goats.
- viii. Limit capital allowances to the businesses which give rise to such allowances. Do not apply them to other businesses like the general trading services completely since they are unrelated.

What we are trying to say is that if you have built a capital investment of an industry, and you are the one claiming the losses - then you also have another business of selling paper, as a trading services or whatever, we do not want you to use those capital allowances to be passed on to the business of trading in stationery. This should be only focused, like we did in VAT, that each business will have its own VAT dealing; input and output. This should also be applied to capital allowances so that the losses are limited to that business section or department but not to be transferred to the other. I would imagine my younger brother, Hon. Musasizi would take this.

In a nutshell, tax losses cannot be taxed. I would like to state here that the Ministry of Finance, Planning and Economic Development ill-advised our President. You people are misadvising our President. If you continue doing this, we are going to impeach you. We are going to tell the President that he has wrong people because this can be done better. *(Interjection)*

Which paragraph? That is done. Hon. Musasizi do not disturb me. Madam Speaker, Hon. Musasizi is disturbing me.

Exemption from tax of the income of Bujagali Power Project.

On this one, I want to pause a bit and tell colleagues that during the last financial year when there was a contentious issue here, I was appointed to go and chair a meeting - the Speaker allowed me – and I had two accountants who are ministers; my brothers, Hon. Musasizi and Hon. Bahati. In that meeting, I said, let me bring Hon. Kateshumbwa, because he was coming from customs.

Having been in that meeting, we agreed that these people were not right, but for purposes of moving, we said we should give them one year. It is I, who came here, and convinced you over the one-year extension. Then you constituted a select committee where I happened to have been a member.

Again, I would like to tell here that this time, do not give them even one week. I am going to give my explanation. You took me to school – *(Interjection)*- yes, you took me to school. I studied at Makerere on government money, which is yours.

In principle, income tax is imposed on income and this is after the making or realisation of a profit. In the case of Bujagali Hydropower Project, it was agreed - are you listening to me, honourable colleagues? It was agreed that the investors would earn a return on investment of 19 per cent. So, their income was already determined; 19 per cent.

If we treat the return on investment as an expense, then, there will be no profit. Thus, the return takes care of the dividends of shareholders. In reality, what is happening is that what would be the net profit would equal to return on investment. If you push it up to be treated as an expense, profit would be zero. If the net profit is zero, it is not liable to tax. Are we together?

This can be demonstrated as hereunder;

Whereas banks/financial institutions get interests on loans as per agreements, investors

get return on investment, which is 19 per cent. In regard to Bujagali, there are the following: operational and maintenance costs for producing 250 megawatts – and we have been told there is no single day they have ever produced even 200 megawatts – and other variable costs related to power production.

Issues to note:

- i) Power to be purchased for the Ugandan economy at a minimum cost. So, if we want the power to be at a minimum cost, then, having paid all expenses, we do not need to make more money.
- ii) Therefore, power should not be for profit to the Government of Uganda – because it is the role of the Government of Uganda to produce power.
- iii) Therefore, if all players are covered – the owners of the money – then, there should be no excess. If there is any excess, it should be transferred directly to the Consolidated Fund. So, corporation tax does not arise where there is no profit to be made. After paying off all players, the request for a waiver does not arise because there is nothing to tax.

Madam Speaker, what these people are doing is that they get a return on investment, get excess and then pay dividends, yet the dividends should come from return on investment.

The investors should make a separate application, if they want, exemption of return on investment from tax. This is because, in this case, the profit is equal to return on investment. We are saying that for your 19 per cent, we are giving you gross. If you want, apply and we give you a waiver on your 19 per cent. Otherwise, the 19 per cent should be subjected to 15 per cent deduction.

Madam Speaker, we want to demonstrate and show you that everybody is covered and this is how they are covered;

- i) Return on investment is covered.
- ii) Interest + loan repayment is covered.
- iii) Operational cost + maintenance cost + variable cost is equal to cost of power.

You do not need to put a profit. These people are adding a profit into that formula, which is dangerous – when you have already got a return on investment. If anyone wants dividends from those investors, they should get it from their return on investment.

The income tax should be on return on investment, unless the agreement says you will be paid gross. The reason they are coming here – the 19 per cent is what they should be coming and saying “we should be getting a 15 per cent”. Let them apply to the Ministry of Finance, Planning and Economic Development to bring it here, if they want to be exempted from withholding tax on their return of 19 per cent. Otherwise, under normal circumstances, they should pay 15 per cent withholding tax on that money.

Madam Speaker, we have even demonstrated the loss – if you gave these people money, after getting money. Yes, we have already given them money and if you allow them, they get more money and this is what we are going to demonstrate.

For the period between 2018 and 2021, the foregone revenue from Bujagali Energy Limited amounted to Shs 388.7 billion – and it is illustrated in the table below.

- i) 2018 – Shs 108 billion
- ii) 2019 – Shs 100 billion
- iii) 2020 – Shs 90 billion
- iv) 2021 – Shs 89 billion

If you converted this to primary schools, we would have built 3,070 classroom blocks. If you converted it to secondary schools, we would have built 2,950 classroom blocks. If you converted it to health centres – every constituency would have 353 health centres. One group of people came and played with us, with some guys in Government and took

away the following: 350 health centres; 2,950 secondary school classrooms blocks; and 3,070 primary school classroom blocks. This is criminal. (*Applause*)

Given that the country is facing challenges in revenue generation, it is prudent Government acts with frugality and actualises every potential revenue stream to finance service delivery.

Recently, the ad hoc committee on Bujagali tax waiver established that even with Government intervention of tax waiver of Bujagali Energy Limited and refinancing Bujagali plant, the current tariff is still over and above the targeted \$5.5 cents per kilowatt.

Madam Speaker, the guys in Government discovered that the thing was about to expire and so, they went to negotiate those loans. We spent \$46 million. Yes, it is in that report. When we went for negotiation – committee chairman, you are not the one; you are safe. You are not among them. Just know we like you. You are not like – sorry. (*Laughter*)

Madam Speaker, this led to a huge problem and these domestic tariffs are the biggest issues we have had in this country. We have domestic, commercial, medium, large, extra-large and streetlights. The number of customers is equal to 1,657,178 and the tariffs are there. They are all in increments every year.

On top of the above-foregone tax revenue waiver, the committee on Bujagali waiver discovered a lot of theft and recommended among others the following - I know the chairman read:

- i) that the money they got in excess of \$342 million, should be returned. You did not read that; why did you fear to read the dollars?;
- ii) that Bujagali was found liable for not declaring the provisional competent tax on the purported income amounting to US\$ 63 million. On this, Uganda Revenue Authority (URA) was directed to recover all taxes from prior to the exemption.

Madam Speaker, between 2006/2007 to 2012, before the plant was operationalised, they computed what we call notional interest and added on their investment. If you create notional interest and add it and it becomes your income and capital, then you should also compute tax on the notional interest. They did not do that, and there are guys in Government who closed their eyes and allowed it to go.

- iii) Claiming interest during the time of construction, yet they never paid the taxes on interest at a rate of 15 per cent;
- iv) Bujagali violated the agreement when it started to withdraw the capital investment which is not in the agreement; the agreement never allowed withdrawal of capital investment over the period they have withdrawn capital investment. I am sure chairman Kateshumbwa was clear on that. To date, Madam Speaker, they have not complied. This is a clear contempt on the side of Bujagali and the Executive. Parliament cannot keep passing financial resolutions and is ignored by the Executive.

Again, here, they lied to the President that the committee is still investigating. The letter from the President says the committee is still investigating. Mr President, if you are listening, they lied to you. The report –

THE SPEAKER: Honourable members, it is not the committee that is investigating; it is the Auditor-General that is doing forensic audit and it is this House that gave the Auditor-General powers to do that.

MR NANDALA-MAFABI: The Auditor-General will work and we want to give him time. In that context, Madam Speaker, whatever is found out, Uganda is not closing tomorrow. If we have refused to give them any –

THE SPEAKER: I corrected what you were saying was a lie.

MR NANDALA-MAFABI: Madam Speaker, you are right.

THE SPEAKER: The Speaker is always right. *(Laughter)*

MR NANDALA-MAFABI: Madam Speaker, today you mentioned that I was chairman, ad-hoc committee; you were wrong on that. *(Laughter)*

THE SPEAKER: Chairman, Bugisu Cooperative Union (BCU).

MR NANDALA-MAFABI: Madam Speaker, I want to seek the indulgence of my minister –

THE SPEAKER: Can we finish?

MR NANDALA-MAFABI: He has allowed me to finish. The next one, Madam Speaker, is:

Taxation of unit trusts or collective investment schemes.

The President returned the Income Tax Bill on the pretext that unit trusts should be reinstated in the definition of a company. That if removed, the unit trusts will not be taxed and there will be ambiguity in the law.

Government itself withdrew the provisions that had created taxation of collective investment schemes that had been introduced in this Bill. Government was very clear in its position that it had decided not to tax collective investment schemes.

From the submission of my colleague - I want to draw your attention to the fact that collective investment schemes have become the biggest vehicle for mobilising saving and investing in the country. Those boxes you see in the village with women are called collective units, if you are not aware - the one where you go and eat a lot of food when you are collecting.

I want Members to note that even the pension scheme invests most of its money in the schemes. Members may not be aware that when we are talking about the schemes, we are talking about the investment area where everyone is now channeling their money to allow it to grow. The retirement funds,

insurance companies, banks, investment clubs; everyone is investing in these schemes. Our pension money is mostly being placed in these schemes amongst others.

We may be okay with having this money taxed, however, we have quickly forgotten that for a long time, we have been trying to drive at financial inclusion and mobilising savings for Ugandans. This has given us the best results that have prompted many associations, even the lowest in society, to save and invest the lowest possible amount Shs 100,000 at whatever point and anytime without any demands on when to do the saving. That is why the women save Shs 5,000 per weekend.

I want to draw a distinction between schemes with all other possible investment vehicles. I will start with SACCOs which have been emphasised at the grassroots where SACCOS are mobilising savings. However, for people to access their money, they can only do it through borrowing at a given interest rate or round robin sort of receiving money, which, when members are many, can take more than one year to qualify to access the money.

Insurance, as we all appreciate is a more expensive way of investing where one has to make monthly contributions and can only access funds after a given time. Investing in Government securities, one needs a premium amount to be able to invest in them, even though the impression is that you can invest as low as Shs 100,000. In fact, the premium tends to start at Shs 10 million, which is too high.

The collective investment schemes have proven to be the best and most genuine way for the lowest earners to save and invest some money as and when they can. There are no tied timelines for the money to be accessed. The savers also have an opportunity to access their money within two to five days of requesting the funds. It is like the Uganda Parliamentary Savings and Credit Cooperative Society.

Also, the schemes are very strict on where that money can be invested. I invite Members to look at the Unit Trust Regulations which spell

out where that money can be invested. I will use the example of our scheme. Our investment Policy Statement (IPS) clearly spells out where our money can be invested, based on the categories allowed by law. So, even where the law allows the scheme to place money somewhere, if our policy statement states that the particular investment has to be less, then the policy statement has to be respected.

The scheme cannot deploy more than the policy allows it to. This shows just how strict the investment limits are under this scheme. In fact, if they invest more than they are allowed to, or in any venture not provided for under the regulations, their licenses can be suspended or revoked. They are very transparent and heavily regulated. It is no wonder that we have only four or five in the whole country.

Recommendation

Our humble prayer, therefore, is that collective investment schemes should not be taxed. If the definition of companies is left as is, then we will have created an avenue for them to be taxed and then, we will fail an industry which has demonstrated it can actually transform our population since it gives everyone an opportunity to save and invest in the best way possible. Just like we gave mobile money an opportunity to thrive and grow because of the financial inclusion and far reach it had, we need to grant the same grace to the collective investment schemes.

Imposition of tax on non-residents providing digital services

The President indicated, in his letter, that clause 16 of the Bill, which proposed the introduction of tax on investment income by non-resident persons from the provision of digital services in Uganda was rejected by Parliament. He stated that the clause related to non-residents who are not residents in Uganda. Since it does not relate to residents in Uganda as it was mistakenly stated in the minority report, it should be reinstated.

In response, we wish to state that the President misconstrued our position as demonstrated in

the minority report. Our position is that the imposition of tax on digital services providers, whether residents or non-residents, will have a ripple effect on the citizens, whereby prices for the Internet will certainly be increased to mark up the imposed tax, thus retarding our technological advancement.

To make matters worse, the Minister of Finance, Planning and Economic Development did not find any study to show how the tax will affect local consumers. In the alternative, we propose that a lower tax rate of 2 per cent be imposed pending further studies on the effect of this tax on the country's technological advancement. I beg to submit. *(Applause)*

THE SPEAKER: Hon. Nandala-Mafabi, I seek clarification. Did you say the unit trusts are the same as the SACCOs?

MR NANDALA MAFABI: Yes, Madam Speaker. Let me demonstrate it. A unit trust is like that village box, where members bring money, put it inside and then give it to each other. They are more or less like SACCOs.

THE SPEAKER: Secondly, under which law are those village things regulated?

MR NANDALA MAFABI: Madam Speaker, under the boxes law – *(Laughter)*

THE SPEAKER: I want us to be serious.

MR NANDALA MAFABI: I am going to be serious, Madam Speaker.

THE SPEAKER: The SACCOs are regulated under Uganda Microfinance Regulatory Authority (UMRA). Unit trusts are regulated under the capital markets. Let us not mix these two things.

MR RWAKAJARA: Madam Speaker, unit trusts are collective investment schemes that, in simple terms, are where pension money is invested for returns. Even small investments are where you can put your money and get returns on the investments that you have done. This is regulated under Collective Investment Schemes Act. The regulations are here. Where

you are supposed to invest this is known and it is very clear.

As long as we define unit trust as a company, URA will ask all those investment managers to hold tax. That means you are taxing these small collective investments, which is not fair.

Madam Speaker, I have evidence here; in 2021, URA was very aware that a unit trust is a collective investment; small money that they invest and get a return on it. They wrote to Britain Fund Managers and SANLAM to collect tax on these small investments.

Therefore, as long as we define unit trust as a company, then tax will be put on these collective investments including the small percentage we invest in unit trust for return on our pension schemes. Thank you.

THE SPEAKER: When you look at the issue of what unit trust offer, it is quick access to funds, that is, liquidity, diversification of investments, excellent results on what is being invested and expert decision-making. They are flexible and affordable investments and are used as cash withdrawals. You can easily withdraw cash from there. Then, they have professional investment input.

Those are the unit trusts we are talking about, not the other one of my grandmother and Hon. Nathan's of a box in our village. We come from the same village with Hon. Nathan. I am just telling you that unit trusts are licensed by the Capital Markets Authority of Uganda under the Collective Investment Scheme Act, 2003. An independent trustee who is a registered holder of the scheme's underlying assets.

It shows you the specific investments you are in, the structures of the people that are involved in it, defines the membership and the rules are governed under Uganda Registration Services Bureau (URSBS).

MR NANDALA MAFABI: Madam Speaker, you are right.

THE SPEAKER: I was only making a correction. I am not debating.

MR NANDALA MAFABI: You are right. The village one, by the way, should also be registered as unit trusts. Regarding what the chairman of the pension scheme has raised, let me give you a simple example. I will demonstrate this so that you understand.

Take the example of farmers; each farmer brings 10 kilogrammes of coffee. If there are a thousand farmers, that means there would be 10,000 kilograms of coffee. At Shs 12,000, that will be over Shs 12 million. Under the Withholding Tax Act, it means anything above a million will be subjected to withholding tax. However, the true story is that each farmer is getting less than Shs 100,000. The moment you get less than Shs 100,000, you are not supposed to be subjected to withholding tax.

This collective one, because they have –
(*Interjections*)

MR EKANYA: Madam Speaker, I want Hon. Nathan clear my mind. Unit trusts, treasury bills and bonds are all used to mobilise money and invest. In treasury bills and bonds, there is withholding tax.

In unit trusts, there is no withholding tax, but they are mobilising funds in the market. The managers of the funds and trustees are making a profit, as much as they give a return on investment of 11 per cent. If you invest a billion in a 10-year bond, you will get more money than what you get in the unit trust.

Madam Speaker, it is online. Returns on investment or dividends unit trust investments like UPA Old Mutual shares are online. The treasury bill and bonds are all online.

Therefore, why is Government not getting some income from this trust and fund managers, but from the treasury bills and bonds? Why do you support the unit trust to continue? Most of these unit trust fund managers are foreign-owned. Bank of Uganda, when invested here, will mobilise funds.

THE SPEAKER: By the way, the unit trust is tax-exempt.

MR MUSASIZI: Madam Speaker, that is exactly what I wanted to say.

The issue at hand is that we are now beginning to mix unit trust with collective investment schemes. The issue for determination is whether we should tax collective investment schemes. The answer is that under Section 21(1)(t) of the Income Tax Act - I can read.

Section 21 defines exempt income. Section 21(c) defines income of a collective investment scheme to the extent of which the income is distributed to participants in the collective investment scheme. This means that even when we define a unit trust and do not go further to amend this, still the collective investment scheme will be tax exempt. That is the issue we withdrew.

I represent the Ministry of Finance, Planning and Economic Development in the Parliamentary Pension Scheme and we invest in collective investment schemes so, I saw it from the onset and I withdrew it before I brought the Bill here for consideration.

THE SPEAKER: Can I point out something? If we have our investment in the unit trust without withdrawing it, you do not tax it, but if you say that you are withdrawing it, that is when it is taxed.

MR NANDALA-MAFABI: Madam Speaker, you have raised it well. You have said unit trusts – the income – also, I want to correct my brother -

THE SPEAKER: Just hold on a minute. Here it says, “The exempt income on a unit trust scheme to the extent that such income distributed to the unit holder - who is typically you and I - will buy units in the scheme.”

MR NANDALA-MAFABI: Madam Speaker, this is why we are saying that it depends on the unit trust. It means a unit trust registered or required to be registered as Parliament may, by

law, prescribe.

Here, the minister is withdrawing it and then he is – unless he says that we are restating it, like it is in the original law. You know what it is –

THE SPEAKER: That is what he said.

MR NANDALA-MAFABI: First of all, Madam Speaker, he withdrew the provision –

THE SPEAKER: From where?

MR NANDALA-MAFABI: He withdrew it in the first Bill. When he withdrew it, he never dealt with the definition. That is where the problem is. When I wanted to answer my brother –

THE SPEAKER: First get information from Hon. Enosi.

MR ENOS ASIIMWE: Thank you, Madam Speaker. I think we need to understand that when you invest money on the money market - for instance, when you give Shs 1 billion to the fund manager, you have got to invest this money according to his way of thinking or where he thinks he is going to get the best return.

When he gets the returns, a certain percentage of his return is what he distributes back to the fund – for those - who have contributed to the fund. What he retains is what URA wants to tax. What he distributes will not be taxed. We should differentiate the two. What is retained is what URA is targeting. What goes to the unit holders is tax exempt, as per the section the minister read. Thank you, Madam Speaker.

MR NANDALA-MAFABI: Madam Speaker, the income of a collective tax to the extent of which the income is distributed to participants in the collective scheme – the income which relates to the owners is exempt. That is what we are saying.

Now, what you are raising – if URA has not been taxing them – because that is their income – for instance, as an employee, you have been

paid Shs 1 million, you should be subjected to Pay As You Earn.

Finally, I would like to answer my brother, Hon. Ekanya - I cannot remember – and I think the minister will help me on treasury bills and treasury bonds when they started withholding tax on interest. Madam Speaker, I am aware that treasury bills and bonds are exempt. I am lucky Hon. Bahati is here.

MR ODUR: Madam Speaker, I am seeking procedural guidance on this matter. When the chairman presented the first report, he justified it that the long title, which describes the intention of the law, did not capture it. So, we accepted it.

I have a copy of the original Bill here and I can read the long title. When I read the long title, I want the people proposing this tax to relate to me where there is a long title so that we can see what you are discussing on unit trusts. It says:

“An Act to amend the Income Tax Act Cap 340;

(a) to streamline the position of capital gains tax on the purchase of assets;

(b) to expand the sections to the provisions for limiting interest deduction to microfinance deposit-taking institutions and Tier 4; and to provide for reinsurance.”

When you go down to the provisions of the Bill, the definition clarifies something that you have in the Bill. The committee chairperson proposed here and said that when they looked at the definition of the company, the unit trust was brought in because there were subsequent provisions in the Bill talking about collective investments in a unit trust.

When the chairperson withdrew those several provisions, it therefore amended and collapsed the definition of the company. So, why are we bringing it in?

THE SPEAKER: There is information here. First get this point of information.

MR KATESHUMBWA: Madam Speaker, we are here because the ministry rushed some amendments to deal with the unit trust. On realising it was not tenable, they withdrew. However, in the process of hearing stakeholders, the committee then made a consequential amendment to the definition of the company to exclude unit trusts because they were trying to deal with the problem that had been raised.

If the Bill was withdrawn, then we should remain with the status quo that we had and disregard the consequential amendment. This is because it is now bringing a lot of confusion and worry for nothing.

The section under exempt income – what people were worried about - is that the proceeds from these investment schemes to members are exempt and they will remain exempt. Therefore, we are actually worried for nothing. We should disregard this amendment and remain with the status quo we had because this was a consequential amendment for the Bill that was withdrawn. I think that should clear the air, Madam Speaker.

MR ODUR: Madam Speaker, my brother has even made it worse – and these are my reasons, which I will explain. When a law is brought into this House, all the intentions of that law are captured in the long title. If you want to deal with, say rental income, you will describe it in the long title and not bring a tax on vehicles, for example, even if that is your intention.

What I am saying is that it appears Government wants to tax unit trusts. Go back if you want to do that. By bringing it as a –

THE SPEAKER: It does not want to tax it. Since we gave a disclaimer at the beginning that today is the last time you are messing up with what you are doing – it is just today. They do not want to tax.

MR ODUR: No, the moment we excluded – all companies are taxed. Isn't that so? Let me start with that – *(Interjection)* – I will allow you to clarify because I am asking you.

MR ODUR: The laws we have provided in the country demand that once you call yourself a company, you are liable to pay tax. Now, if you bring the definition of the company and modify and say “including a unit trust,” by extension, you would have made a unit trust a company, which is liable to taxation.

If that is the intention of Government, I am just saying, go back and bring the Income Tax (Amendment) (No.3) Bill and specify that intention in the long title and this House will process it.

What they are doing now is to hoodwink the House and smuggle it, a procedure which is alien to the Rules of Procedure. The committee chairman already justified it here: we have a precedent that if you bring something foreign to the long title, we reject it. We did that when we amended the Tax Procedures Code (Amendment) Act.

That is what I wanted to raise as a matter of procedure so that the House can then move straight. We cannot stop you from doing what you want, but bring it under a specific law and we deal with it.

THE SPEAKER: Honourable minister?

MR MUSASIZI: Madam Speaker, the current law defines “a unit trust”. What happened is that we erroneously targeted the wrong section of the law. Our objective was to protect the collective investment schemes from income tax, which we achieved. However, in the process, we also deleted the definition of “unit trust”, which exists in the current law. What we are seeking now is just simple: to reinstate it.

I invite the House to think through this. In the law, as it is now, collective investment schemes are exempt. Once we reinstate it, the status quo will remain. It is as simple as that.

MS NAKUT: Thank you, Madam Chairperson. On collective investment schemes, I will not comment because it is already exempted. We do not want to tax collective investment schemes. I will comment on the other issues

that were raised by the minority team.

On the issue of tax losses, this House needs to be given information. On the issue of carrying forward tax losses, it is true -

THE SPEAKER: The debate is open.

MS NAKUT: We have given many exemptions -

THE SPEAKER: Honourable member, just a minute. Hon. Nakut, are you a member of the committee?

MS NAKUT: Madam Speaker, I am giving information to guide the House so that Members debate.

THE SPEAKER: Honourable members, our rules are very clear. It is only when we go to Committee Stage that you can give your submission. A motion from - honourable members, I wish I were you, we would go and look at these things clause by clause.

5.20

MR GEOFFREY EKANYA (FDC, Tororo North County, Tororo): Madam Speaker, I beg to move a motion that the House moves to the Committee Stage in order to consider this matter clause by clause.

THE SPEAKER: Is it seconded? (*Members rose*) It is seconded by Iddi, Hon. Ibanda, Hon. Aogon, Hon. Amero, Hon. Linda, Hon. Acuti, Hon. Emmanuel, Hon. Sebamala, Hon. Esther, Hon. Jovanice, Hon. Angura, Hon. Enos, Hon. Maximus, Hon. Jane, the minister for Bunyoro, Hon. Mbabazi, Hon. Avur, Hon. Komakech, the minister for energy, the minister for Karamoja, the minister for public service, Hon. Mpindi, Hon. Ferigo, Hon. Nathan and Hon. Loy. Thank you.

Do you want to debate the motion? The motion has been seconded.

MR ODUR: Madam Speaker, I would like to persuade the House not to accept the motion moved by my brother, Hon. Ekanya. The

importance of debate is to persuade; it informs the foundation when you go to the Committee Stage. It is to listen to both sides and, where possible, people can submit and concede. If you miss the opportunity to have a debate and understand, you risk passing a law which will become problematic during implementation. You will even be asked by your constituents and you will not defend it.

For that purpose, I move that we debate and, after a thorough debate, when we go to the Committee Stage, maybe even the issues we will have dealt with can pass. Otherwise, when we go to the Committee Stage, Madam Speaker, you must then give us assurance that you will allow debate – and you know what debate means.

THE SPEAKER: I will allow you. You have my word, Hon. Jonathan. As you heard earlier, there is quorum.

I put the question that the Income Tax (Amendment) Bill, 2023 as returned by His Excellency the President in accordance with Article 91(3) of the Constitution of the Republic of Uganda and Rule 143 of the Rules of Procedure be considered by this House.

(Question put and agreed to.)

BILLS
COMMITTEE STAGE

THE INCOME TAX (AMENDMENT) BILL,
2023

Clause 2

5.24

THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Amos Kankunda): Madam Chairperson, we propose that clause 2 be amended by deleting paragraph (a).

Justification

This is to retain the “unit trust” in the definition of a company.

MR NANDALA-MAFABI: Madam Chairperson, our argument is that a unit trust cannot be a company. If we say that a unit trust cannot be a company, then we should amend to re-state the definition of the “unit trusts” as originally stated in Section 2 (yyy) of the Income Tax Act.

Section 2 (yyy) says: “Unit trust” means a unit trust registered or required to be registered as Parliament may by law prescribe.”

That is what was in the initial law. If we do that, then we should also reinstate the provision under section 21 (t), which says that tax should not be applied to the extent of what is distributed to the members.

THE CHAIRPERSON: Honourable minister, let us first get the status quo.

MR MUSASIZI: Madam Chairperson, our position is that the status quo, prior to introducing these Bills, be maintained. So, I would like to invite honourable - because he is a senior to me in the profession and he is my chairman of the small association of accountants in this Parliament - I want to agree with him. So, let us see what works to maintain the status quo.

MR NANDALA-MAFABI: Madam Chairperson, on that, I agree with him. *(Applause)*

MR EKANYA: Madam Chairperson, I propose that we stand over that clause to allow for proper drafting to take place.

THE CHAIRPERSON: Honourable members, the two have agreed that we retain what is in the principal Act. I put the question that clause 2 stands part of the Bill.

(Question put and agreed to.)

Clause 2, agreed to.

Clause 4

MR KANKUNDA: Madam Chairperson, clause 4 looks at the amendment of section 21 of the principal Act. We propose that a

paragraph be inserted by amending it to replace the year “2023” with the year “2024”.

The justification is that this is to extend the exclusion of Bujagali Hydro Power Project’s income from tax for one year.

THE CHAIRPERSON: Honourable members, I want them to give us a justification for this increase. Okay, let us first hear from Hon. Odur. Otherwise, I remember we were the ones who sent that report for an audit and I can comfortably tell you that the audit only started yesterday.

MR ODUR: Madam Chairperson, my procedure is anchored on points of law and I would like you to pay attention and help us. When the Bill was brought here, there was no clause speaking to the exemption of Bujagali. In fact, even in the long title, it had nothing to do with exemptions. So, by attempting to bring something that was not even subject of the law that we passed here, we are violating our own rules and it ought not to be so.

If the intention of Government, again, is to do an exemption, then they should bring a fresh Bill specifically for that purpose. This is because what we processed and sent to the President does not have anything to do with exemption of Bujagali. That is why I am raising it, Madam Chairperson, to you specifically that we should not entertain it at this stage. There is even no basis to have discussions over it at this stage because it does not relate at all.

THE CHAIRPERSON: Hon. Isabirye?

MR IDDI ISABIRYE: Madam Chairperson, I want to give information that the exemptions were laid before this House last week. So, to assert that Parliament does not have the exemption request by Government is wrong. What we can do –

THE CHAIRPERSON: A minute, Hon. Iddi Isabirye. Hon. Odur, when we received this letter on 26th, it was laid on Table. However, since it was laid on Table and Bujagali was a new item in the returned letter, the minister was

requested to make an amendment to the existing Bill, which the minister now presented to the House. That is to the best of my knowledge. So, you can continue.

MR IDDI ISABIRYE: Madam Chairperson, on the same issue, we have been really very perturbed by the fact that Parliament has been complaining about Government not implementing parliamentary resolutions. This Parliament made a resolution to the effect that Bujagali be audited. However, as you said, Government is just beginning the process of implementing that resolution. It cannot be the very Parliament to block Government again from going ahead with auditing Bujagali.

So, I support the idea that a waiver be effected on Bujagali as Government continues with the audit.

THE CHAIRPERSON: By the way, we are not blocking the audit. My only complaint with the audit is one: we asked the Auditor-General to do a forensic audit one year ago. To my surprise, I only saw the letter a week back in my office. The reason that the Auditor-General gave is that they did not have money. I asked them, how do we handle this process? They said they did not have money and actually wanted us to finance that process, since we are the ones who have asked for the forensic audit. That is what happened, but as you know we cannot leave a vacuum. *(Applause)*

MR MUWANGA KIVUMBI: Madam Chairperson, before me is a report, from a sitting, which I think you chaired and it was adopted. This is what Parliament concluded, which answers Hon. Iddi Isabirye’s queries and others. This is the report and I am reading the last paragraph. “... therefore, the committee strongly calls upon Parliament to compel Government to renegotiate with Bujagali Energy Limited, the terms in the PPA before deciding to extend the tax waiver.” Do you get the report? This is what Parliament reported and this is the conclusion of the report. Parliament adopted this report and for matters of consistency, this is the report we adopted.

I will repeat: “*Therefore, the committee strongly calls upon Parliament to compel Government to renegotiate with Bujagali Energy Limited, the terms in the PPA, before deciding to extend the waiver.*” Therefore, if people want to adopt the position of Parliament as adopted in the report. We said that before we consider anything to do with the waiver, let Government first do what it does. That is the committee report and it is signed by Hon. Kateshumbwa, Hon. Nakut and signed by a couple of honourable members. This is what you signed.

MS NAKUT: Madam Chairperson, I wish to thank you. I participated in that report, but I acknowledge that when we recommend a negotiation it does not happen like lightning; it is a process. When we recommend a forensic audit, it is not done on one item. Forensic means investigating everything and so we should allow time for what we recommended to be done.

MR KATESHUMBWA: Madam Speaker, I chaired this committee and I know that we did a very good job, and I have absolutely no doubt that our findings are clearly stated. My disappointment is that the process of implementing the recommendations has not taken place as we expected.

However, my colleague, Hon. Muwanga Kivumbi, is raising, issues of our recommendation in the report. But we had a debate here, and I think *Hansard* captured the additional recommendations that this House made, including the one on the forensic audit.

Madam Chairperson, I seek your indulgence to ask Government to update us on the progress they have made on these recommendations, as a precondition for the extension they are requesting. I think if we get the information on how far they have gone in implementing these recommendations, then we would be able to deal with the request.

MR EKANYA: Madam Chairperson, it is very unfortunate that the “spirits” of Karuma and Bujagali are here again. In 2007, we were in the same situation, during the Seventh Parliament,

when Hon. Nandala and myself had a similar situation with AES Nile Power. Parliament stopped the project and that is how Government came up with the Aga Khan/Bujagali.

If we do not handle it today, it is going to create contingent liability and form part of the domestic debt. We need Government to be given marching orders; strictly one year or ministers should resign. Because if we don't - in the Seventh Parliament, we created a crisis, Government ended up by establishing thermal projects in this country, which have drained a lot of money in this country. We need to give marching orders to Hon. Musasizi. If he does not complete it within the period required to negotiate this contract, we censure him.

THE CHAIRPERSON: Honourable members, not hon. Musasizi alone; but also the Minister of Finance, the Attorney-General, the Minister of Energy - it is a multi-sectoral approach.

MR EKANYA: Agreed, Madam Chairperson. All those people - *(Interruption)*

MR AOGON: Madam Chairperson, what disturbs me is the fact that this is a Tax Bill and a Bill of this nature should not be delayed because it has a connotation on revenues. I am talking from an informed point of view.

My challenge, honourable minister, the fact that you have not done the negotiations to date, are we going to keep this question hanging forever? We are really disturbed. What are we going to do? We would maybe say, “let us go back to the status quo” but what is the status quo?

Therefore, Madam Chairperson, we need to dig deep down the *Hansard* to see what this House resolved in detail, including the issue of the long title of this Bill. Whether these issues that we are talking about were captured in the long title because the law is very clear; you cannot introduce a new matter - that is a matter that was raised by Hon. Jonathan Odur - which was not captured in the Bill, more so if it was not in the long title. That is dangerous and criminal.

The committee will need even to apologise to the House. So, we need to check the *Hansard*.

THE CHAIRPERSON: Honourable Leader of the Opposition, I want to request that before you speak, I could get an update from the energy minister. We may be grumbling here when energy - let us first get an update from the energy minister because the person responsible is here quiet - you do not even fear your in-law.

MR OKASAI: Madam Chairperson, we submitted the progress on the work to the committee and it was actually presented by the chairperson. To answer specifically what Hon. Ekanya raised, a committee has been constituted begin on the negotiations. It consists of the ministries that you have pointed out: The Attorney-General, the Ministry of Finance, Planning and Economic Development and the Ministry of Energy and Mineral Development. So, depending on the outcome of what you prescribed, forensic audit, all those things which you prescribed, progress has been done. So, we are preparing for the negotiations once the processes, which this Parliament prescribed - and we owned -

THE CHAIRPERSON: At what stage are you?

MR OKASAI: First of all, for audit, we have assigned the Auditor-General to do it and that is how the Bill has been presented to Parliament.

Secondly, we have actually started the audit of the taxes, which this House said URA should audit.

Thirdly, we have actually constituted a team comprising of those ministries to own the outcome of the processes, which were prescribed by this House. Madam Chairperson, I wish to submit.

MR NANDALA MAFABI: The clarification I want to seek from you, the minister is: what are you negotiating? That is number one.

Secondly, if everybody has been taken care of, who is taking the excess from this formula? In that formula, you are not paying dividends to

the Government of Uganda. You have refused to give them their return on income. In that formula, you are making excess, which you are subjecting to dividends. At the same time, the same people are getting a return on Investment of 19 percent - *(Interruptions)*

MR ALEPER: Thank you, Hon. Nandala Mafabi. Madam Chairperson, I just wanted to continue from where Hon. Nandala Mafabi stopped. The findings of the ad-hoc committee were adopted by Parliament.

The next position is that in order to certify or qualify those figures, there should be an institution that is mandated by the Constitution of the Republic of Uganda, and that is the Office of the Auditor-General. No negotiation whatsoever can start with the findings that you have, before the Office of the Auditor-General has come up conclusively with these figures to certify. That is the reason even with the issues of domestic arrears, we normally fail to get a position until we have asked the Auditor-General to come up with a certified and qualified opinion for us to rely on because as an institution, we are mandated by the Constitution to do that.

Therefore, that process of negotiation will only be upon the conclusion of the audit, which is starting. I also want to tell this House that there is no way we can rush this. The process of auditing may take something close to six months and then the report will be issued before negotiations can start.

What I am saying is that there is no way we can rush this. Hon. Nandala-Mafabi said, "Uganda cannot stop tomorrow." Surely Uganda cannot stop tomorrow, but let us conclude this as a prerequisite and then later we will go for negotiations and come up with a position for the House. Thank you.

MR MPUUGA: Before the minister comes, you are the people putting up this - *(Interjections)* - listen first, honourable minister because we have been at this.

First of all, Madam Chair, sometimes we haggle when there is nobody to defeat. Initially,

when you sanctioned the Bujagali inquest, the thinking was that the House was in consensus to do good because the intent of Parliament was to ensure that government raises revenue to facilitate Government business. However, as things turn out, it does seem like Government is content with failing to raise its own revenue.

Initially, the request was five years. They have so far run one and so, they have decided to get the five years in piecemeal tactfully; and we can see it really. It needs no brain to tell that they are really getting five years in piecemeal.

For me, the problem, as a leader in this House and as a Ugandan, is: when are we going to make amends when the audit is made? Some of the recommendations of this House were express that URA goes to collect excess collections. We have not got a report on whether URA has actually recovered and there was no contest as to the recovery of that money in the immediacy; we have no report.

The Ministry of Finance, which supervises URA, is content on ensuring that URA does not collect this money. While we can agree to the submissions of the Ministry of Energy that they are in the process - which tense he used does not exist in English because I do not know, which tense he was using - some of the recommendations were in the immediacy. Will Ministry of Finance report on how far URA that you supervise has gone in collecting the money we instructed to be collected in the immediacy –(*Interjections*) – no, the law is very clear. Under the arrangement in which the terms of the concession were made, there were violations. That was money you should have collected yesterday. The recommendations were very clear to collect in the immediacy; there was no need for a new law. It was money owed to the Ugandan government and it was not collected. The minister is telling us, in a tense I do not know, that they are in the process.

Therefore, Madam Speaker, these are the issues that are causing Members ulcers; the commitment by Government one, to work on Parliamentary recommendations, but also to understand whether the import of Bujagali into

the returned Bill by the President is something that our rules clearly express. I think the Speaker needs to guide the House clearly on the rule so that we can understand that the concerns of the Hon. Jonathan Odur are not swept under the carpet on introducing a new matter, which was not in the long title of the Bill.

THE CHAIRPERSON: Thank you. I want to thank Hon. Jonathan Odur, for being a critical person who believes in details. If we did not have such a person in the House - at least he is not an extremist; he only guides the House.

Honourable members, when you look at Rule 143 on Bills returned by the President, where a Bill passed by the House is returned to the House by the President with a request that the House reconsiders it or a particular provision of it or any such amendments as are recommended in his or her request, the Speaker shall read the request of the President, or if the House is not in session, direct that the message be published in the Gazette.

My emphasis is on, “*Any such amendments that are recommended in his or her request, the Speaker shall...*” Just up to there.

Honourable members, as the Leader of the Opposition said, we are getting ulcers. Do not get ulcers, you have families beyond this House. Do not be stressed over something that – much as we have a country to save, we must take some risks. I see how Hon. Nathan Nandala Mafabi is looking at me - what we need to do is to give these people six months to present the report on this Floor and the changes that have been made. I just signed the document on Friday. That is when it was brought to my office. Remember, the contract is supposed to be renegotiated. We have a number of those contracts that are so bad; it is like a spoilt marriage. Going into a relationship and then things are not working out. That is what is happening and that is why you are asking for “DNA.”

Hon. Nathan Nandala Mafabi, stop looking at me. I want to make a special plea that we give the Ministry of Energy the last chance, with

humility. In six months, we need a report on this Floor and So, we can give you an extension of one year. Short of that, you heard what they said; you should be censored.

MR AOGON: Madam Chairperson, when we voted for you, we see the wisdom already and you have guided well. I do not want to argue about it. It is only prudent that we give time for this process to take place. The claim is that there was no money. We got the report in PAC; that the Auditor-General does not have money. There is no way we can skip that process, it is natural and therefore, I want to agree with you, Madam Chair.

MS AFOYOCAN: Thank you, Madam Speaker. I share the same view with you though I was a Member of the ad hoc committee. The last opinion we had was that they did not need or deserve any extension.

However, for purposes of time and doing exhaustive work, I think a year is not too much. We shall request that the next time the Ministry of Energy and Minerals Development comes with another excuse, they come along with their resignation letters to help us work on them appropriately.

MR OGWAL GOLI: Thank you, Madam Chairperson. I fully agree with your proposal, mainly because, one, the eloquent presentation by my brother, Hon. Nathan Nandala, would help in the determination of what should be done by the Auditor-General. I am sure he would buttress and use that information to help us make conclusions.

More importantly, if we do not do this and the prices of energy go up, we are going to suffer and become less competitive in this market. Therefore, it will be a challenge. I appeal that we consider the overall impact of high prices of energy, which is key for competitiveness. Thank you.

MR BYARUGABA: Thank you, Madam Chairperson. I have been here for quite some time and have never seen you in that kind of mood. That means the point is very big and

that you really mean what you are saying by appealing to the House to see it the way you are seeing it. I thank you for that guidance.

Nonetheless, I would like to say that we have been on Bujagali for quite some time now since, I think, the Seventh Parliament – for those of you who were here; I was not here by that time.

However, I also know that Bujagali, as an issue, was raised at the highest level of one of the best universities in the world, that is, Harvard University, for a whole two weeks. It was discussed, debated and an examination set to churn out the best arguments for and against Bujagali.

I have also seen the Principal talk about Bujagali over and over again – about the Sixth Parliament and the Seventh Parliament and the problems they caused. I would not like to be part of that history.

If these six months can save this country from further bleeding, so be it. The world is not ending today, honourable colleagues. By the way, they might even ask for a year, but a year is just nothing. Tomorrow, they will still come. I know what we have gone through with energy.

It is good we have people like Hon. Nathan Nandala-Mafabi - very well informed. Those of you who have not met him in the public accounts committee, you missed him a lot. I think we should use that kind of resource - Hon. Kateshumbwa, Hon. Nathan Nandala and the Chairperson, Committee on Finance, Planning and Economic Development are very resourceful, of course including you, Madam Speaker.

Let us look at these four or five wonderful Members of this House to ensure that come next year, we put our feet down. Let nobody, again, misunderstand us. I am saying this on record. Let what the Speaker has guided be taken in that kind of spirit. We hope the Frontbench will take heed. Thank you.

THE CHAIRPERSON: Thank you very much, Hon. Alex Byarugaba. Honourable members, I have never begged you people. I only made a request today because I know this is a total burden to the country. I have not put that question to a debate. I have heard the compliments from you, Members. Let us give these people one year. They will come back and we will hold them accountable – unless they change the fishermen and fisherwomen *-(Laughter)-* we will still go for the people responsible.

I put the question that clause 4 be amended as proposed.

(Question put and agreed to.)

Clause 4, as amended, agreed to.

New clause

MR KANKUNDA: Madam Chairperson, immediately after clause 7, we propose an amendment to section 38 of the principal Act.

Section 38 of the principal Act is amended by inserting, immediately after subsection (5) the following:

“(5a) Notwithstanding the provisions of this section, a taxpayer who, after a period of five years of income carries forward assessed losses, shall only be allowed a deduction of 50 per cent of the loss carried forward at the beginning of the following year of income in determining the taxpayer’s chargeable income in the subsequent years of income.” I beg to move.

MR NANDALA-MAFABI: Thank you, Madam Chairperson. We have made our case very clear, and we are going to state this again because it has been here for many years. Some colleagues have been saying that this thing was in Kenya. I would like to tell you that the recent amendment on the Finance Act of Kenya removed the issue of capping losses.

A loss is a genuine expense. It comes because of capital allowances. We have recommended

that the Ministry of Finance, Planning and Economic Development should look at the generous capital allowances they are giving. They will address the issue of carry-forwards.

However, you cannot make a law to cap somebody who has invested Shs 20 billion – that if you have not got it in five years, you are given, again, half of the five years to carry forward half of what you have got; it is quite dangerous. First of all, it is going to bring about a disincentive to invest; nobody will want to invest.

We have clearly explained that my expenses as an investor, who is making tax losses, is income for another business. Madam Chairperson, it will be good for this country that we promote investment and business. We should reject this totally because we have done it for the last five years.

Madam Chairperson, finally, I would like to conclude that we have given methods of how URA can get genuine people. That is why every year we have been funding Uganda Revenue Authority to deal with professionalism. We should not make a law to promote inefficiency.

Therefore, I would like to ask the whole House that instead of carrying forward tax losses and assessing them, we should make a law called “loss tax” not “income tax” meaning we are taxing losses.

THE CHAIRPERSON: I would like to seek clarification. Aren’t we starting to do work for URA? Surveillance, monitoring – these should be their day-to-day roles. You are now doing tax administration, tax surveillance and compliance. Are we going to do that for URA?

MR MUSASIZI: Thank you, Madam Chairperson. We are not asking the House to help us do the work of Uganda Revenue Authority (URA). What we are asking is that the House gives us laws that facilitate URA to collect the revenue that we want them to collect. This later on –

THE CHAIRPERSON: Assuming they do proper monitoring, won't they know how much revenue is collected?

MR MUSASIZI: Madam Chairperson –

THE CHAIRPERSON: I am actually more informed on this topic. I thought you were telling me you are more informed in auditing.

MR MUSASIZI: Madam Chairperson, let us be realistic. We have companies, which have taken advantage of this arrangement perpetually. I might not mention their names, but at one time – *(Interruption)*

THE CHAIRPERSON: Hon. Ruhunda, give us information.

MR RUHUNDA: Thank you very much, Madam Chairperson. I am talking from experience as a businessman and we have seen the powers of URA; it actually reaches a point of even freezing accounts. There is no way we are going to kill businesses by facilitating a wrong procedure of cutting – because you cannot hurt long-term investments by beginning to retard investors because you are now just putting a deterrent; you have your money, but you cannot invest it because URA will not accept your loss because there is a law saying that your loss will be taxed.

When you have these incentives – because Madam Chairperson, I have seen how URA raids and even removes capital from businesses and they collapse. Now, we are just adding salt to an injury. We have very insensitive staff of URA who cannot even calculate and make sense of business and how businesses run – and we come up with such a law? We are going to kill all these businesses.

Therefore, Madam Chairperson, it is not right for Parliament, as you have rightly observed, to deal with administrative matters of URA when the law – we have all the laws that empower URA to do audits and assessments and whatever they need. Unless these companies are untouchable, let them now name them so that URA cannot access them, but it should

not be at the expense of the entire Ugandan business community.

THE CHAIRPERSON: Honourable members, when you look at what happened in Tanzania, you will notice that they put points of servicing at every place. When you transact, it immediately goes to the Tanzania Revenue Authority server. So, they will be able to know how you have transacted for them to determine how your business is doing.

I think what we need to do is to put strict surveillance and heavy penalties on defaulters and people who do not give proper information. It is something that is doable. We do not need to have a law for this.

MS NAKUT: Thank you, Madam Chairperson. Hon. Nandala-Mafabi has submitted very well. He is a senior in the profession and I respect him. He has explained how tax losses arise. It has nothing to do with whether URA does its work or not. Tax losses arise when a taxpayer uses the loopholes in the law to benefit – the incentives - there are sections 25 to 33 – we have given –

THE CHAIRPERSON: It is not loopholes in the law. It is the laxity in tax administration.

MS NAKUT: In sections 25 to 33, we have given too many incentives to businesses and so, when a company – like the way Hon. Nandala-Mafabi has said – makes a profit, that company will pay dividends to its shareholders. On that profit, tax will be computed; the person will also claim all the incentives and arrive at a tax loss and not pay any taxes.

The companies that are benefiting now from these excesses are big companies while the small and medium scale enterprises are paying taxes. They are carrying the tax burden of this country. We cannot continue with that level of tax inequality; we cannot continue like that.

Madam Chairperson, I know this issue has come to this Parliament and been thrown out severally because of these gaps on the information I am providing. The tax loss does

not arise because a company has made a loss. It arises the other way round; people benefit – our small and medium-scale enterprises are the ones paying taxes. The big companies are not paying – we want them to also contribute to the tax burden of this country.

THE CHAIRPERSON: Can I hear from Hon. Loy Katali?

MSKATALI: Thank you, Madam Chairperson. What I wanted to say is what she has clearly said; our small Ugandan companies are paying taxes while the big companies are not paying taxes. Like our senior in the profession, Hon. Nandala-Mafabi said, there are currently four things; these companies make profits and offset the losses. At the end of the day, they do not pay taxes. The small companies are paying taxes for the big companies.

Our people in Kikubo do not benefit from these incentives. It is these people who get lots of incentives and at the end of the day, they carry out losses until Jesus comes back. Thank you.

THE CHAIRPERSON: Hon. Loy Katali, how do you want this loss to be?

MSKATALI: Thank you, Madam Chairperson. I signed a committee question – after five years, we should cut them to 50 per cent.

THE CHAIRPERSON: Yes, Hon. Jonathan Odur?

MR ODUR: Thank you very much, Madam Chairperson. I am actually very happy that on this particular clause, you are fairly schooled and knowledgeable in this area. When you talk of a loss or profit, it is a fact. It can be verified and ascertained.

For example, if I invest Shs 500 million, and in the first year I make a loss of Shs 50 million, my capital of Shs 500 million has now reduced. If I have made a profit of Shs 50 million, my capital will have gone to Shs 550 million. The net effect of profit is that it increases. That is why in accounting, which the minister knows very well, you talk about retain earnings that

you carry to build your results. If you do not have it, it means you have nothing to carry to that result. Your capital is actually leaking. So, if it was water in a jerry can, it would be reducing.

Therefore, what I am saying is: if you go the next year and make a loss of Shs 50 million, now, your carried forward losses have now gone to Shs 100 million, which has now eaten on your investment of the Shs 500 million. So, when you are now –

THE CHAIRPERSON: The chairperson has an explanation to make.

MR KANKUNDA: My brother, the learned friend, I agree and appreciate. You are trying to explain, but this explanation is more to do with the ordinary losses you would calculate after doing business.

In this case, however, what they call tax losses is a result of applying what my brother Nandala was talking about; applying the incentives, which in our opinion, are high, and that is why he says, to address the incentives *-(Interjection)-* so for now, that could be for another day, looking at the incentives being reduced. But for now, this is the position.

By saying 50 per cent on the sixth year, we are trying to accommodate those projects that are big- the construction, the oil and gas, and all that, so that you are able to review them at that level.

MR ODUR: What you have explained is like a patient who has gone to the hospital and has been diagnosed with diarrhea and the cause of diarrhea is eating oily foods, but instead of telling him to stop eating oily foods you then start saying do something else. Deal with the incentives; that is what you are saying. If the loss is a result of the incentive, we amend the law now and remove all the incentives; that is, it.

DR BATUWA: Thank you, Madam Chairperson, for giving me space to also fit here. I have listened to the people I respect in

the area of accounts debate and I have tried to capture their minds. They want the rich people, the investors, to pay an equal share of tax.

However, where I dissent from their view is the point that the policy they are employing is blanket in nature. It hits their target, but it also hits the vulnerable Ugandans. We have known Uganda as a country with so many entrepreneurs, but the same data also says that so many close businesses; meaning that losses are real and actual in Uganda.

We are saying is: we agree with your mind of the rich people, the investors, paying their equal share of taxes, but we are saying let the policy be selective. Go to those laws, which are giving them exemptions, the ones you have talked of, and repeal them. We shall have enabled them to pay tax while leaving the status quo in the other category of business people. Thank you for giving me space in the accounts area (*Laughter*). I beg to submit.

THE CHAIRPERSON: So, doctor, should we reduce the percentage? What have you presented? (*Laughter*)

MR AOGON: Madam Chairperson, a loss is a loss and a profit is a profit. Even when I make only Shs 100,000, it remains a profit. Nobody should hoodwink this House to think that it is about size. No! Profit is profit, a loss is a loss. And there is no way you can start talking about taxing a loss. How are you going to frame it? Are you going to call it a loss tax –(*Interjection*)- you are a member of the committee, just give me time.

Honourable colleagues, it is improper for anyone to think about taxing a loss. It is the duty of URA to attend to the matters of deductions. In taxation, we have what we call the tax allowable and the disallowed expenditures.

THE CHAIRPERSON: Hon. Aogon, the President says the justification for this clause was to introduce a tax measure that would limit the practice of indefinite deferral of payment of corporate tax, which businesses have been using through the provision of unlimited carrying forward of tax losses.

In addition, allowing taxpayers to carry forward losses indefinitely incentivizes them to over-claim losses, hence enabling them to remain in an artificial loss-making position.

The measure is thus intended to limit the practice of indefinite deferral of payment of corporate tax. It should, therefore, be reinstated.

MR AOGON: Yes, thank you for that guidance. So, as I sit down -

THE CHAIRPERSON: I was putting you in line with what the letter is saying.

MR AOGON: Thank you, Madam Chairperson. So, I listened to my other colleagues on the other side, talking about the loopholes that some people utilise. You know first of all, in taxation we have tax avoidance, there is also tax evasion. One of them is legal, one is illegal. Somebody can avoid the law because the weakness of laws is not theirs, it is ours here. That is an internal matter.

If we are dealing with the issues of incentives, those are our issues as a Government; we cannot export them there. URA should go and do work. It should check whether the accounts that I have paraded are credible. It is not the duty of this House.

How, on earth can we tax losses? It is unacceptable. It will be the first of its kind in the whole world. We will all go to hell if we accept it to pass, and that is not something that I can support as Aogon. We must reject it, throw it away, and bury it tonight. No!

MR KETESHUMBWA: Can I give you information? Madam Chairperson, the House needs to understand that by the time you arrive at a tax loss, there are two things that could have happened if you are non-compliant.

One is that you can understate your income – and Hon. Nandala, will agree with me on this. So, you either understate your income or your expenses. The Parliament of Uganda will not legislate on the understatement of income because that is the responsibility of the tax administration.

However, the issue here is that we are dealing with the question of incentives that have given rise to a lot of deductions when chargeable income is being computed.

Therefore, I think for purposes of moving forward, I would like to propose a middle ground. A middle ground that allows us to test this law, and maybe if you are worried about five years, we can look at seven years and give ourselves this year, both the committee and the Ministry of Finance to study the impact of this and see whether it is able to deal with the challenge. But the aspect of understatement of income is someone else's responsibility.

MR NANDALA-MAFABI: Madam Chairperson, I want to give Hon. Kateshumbwa information. You have said the person to determine genuine income and expenses is the URA—*(Interjection)*—by the way, I am respected the world over in such matters. *(Laughter)*

Madam Chairperson, regarding the capital allowances we are speaking about, if a company gives the depreciation of 5 per cent, and you are saying for computers, you are giving accelerated allowance of 40 per cent, immediately, that difference of 30 per cent will mean a reduction in the profit and if the profit is small to account for it, it will lead to a taxable loss.

The issue we are addressing of losses, and carry forward that we are talking about. That is why we deleted section 27A on the initial allowances.

The next level we should go - in fact, if you test it now - you will notice that it is going to yield a lot of results. In the following three years, it will show results. The next way forward is now to go for those rates. Instead of 40, why not 10 *(Interjection)* - I am giving you a personal experience because equipment like furniture and fitting used to be 12 per cent. Now it is 30 per cent. Why don't we go back to the old rates when we were making the Income Tax decree, which became the Income Tax of 1996? Let us go back to that. By doing that, it would address - in fact - when you do accelerated capital

allowance, you are offloading the big expenses in front. When you do it, it takes time to write off. However, if you do small, it will go for a small period and it will take long time. By the way, what we are saying is very simple. You can even ask an investor to do what we call "select". Do you want to take this investment allowances now or you spread it over a period of time? You can do that and ask them to make a selection. We are doing this in good faith, Madam Chairperson.

THE CHAIRPERSON: Council member of CPA -

MR NANDALA-MAFABI: Madam Chairperson, if you are not aware, I have been a professional accountant since 1992.

THE CHAIRPERSON: You are that old? *(Laughter)*

MR NANDALA-MAFABI: I finished when I was young. Madam Chairperson, I have even taught taxation here and in India.

THE CHAIRPERSON: Committee chairperson, come back. What the honourable minister is saying is: why don't we try this law? You know, this time around, I am with you. He is saying let us go and get a middle ground. The middle ground he is suggesting is that we give it seven years for us to allow somebody realise a break-even point. We cannot run away from everything and say, okay, we are not going to try it out. He is requesting that you do it yourself.

MR NANDALA-MAFABI: Madam Chairperson, I want to make a quick suggestion. Schedule 6 is talking about rates. Yes, you get your books - *(Interruption)*

MR MOSES ALEPER: Thank you, Madam Chairperson. The information I want to give Hon. Nandala-Mafabi is that as a committee, we interrogated the witnesses that came there. Their appeal was, let them also go and carry out the impact assessment on those rates that we shall suggest to them. They said agreed to cap losses and then they go and carry out

a regulatory impact assessment of those rates on this because it is just difficult to implement something without a clear study.

Actually, we have been imploring these MDAs to make sure they carry out studies before they come to us. So, I appeal to Hon. Nandala-Mafabi to accept we give URA an opportunity to go and carry out a study on the rates that we shall suggest to them and we go by this arrangement of capping the losses. Thank you.

MR NANDALA-MAFABI: Madam Chairperson, I want to give an example. Schedule 6 talks about computers and data handling at 40 per cent. Plant and machinery in farming, manufacturing and mining is 30 per cent. These are machineries, which take more than 30 years, but they are allowing them in only three years. Automobiles and whatever, is 20 per cent.

What I want to propose is that - because we may not be able, even if you gave the law now, it will work after five years. Are we together? If you pass the law, you are talking of five years, starting from now up to the other - why don't we, as we did under section 27(a) where we deleted, allow the minister to go and sit with URA and review one, these capital allowance rates and two, to reduce on incentives? The moment you do that; it will go a long way to deal with that. A very good company, which has invested starts to see dividends after 10 years. I gave you an example of a rented house after 20 years. If you say even seven years, you are not solving the problem. In Kenya, they tried it, but I can tell you this financial year, they removed it immediately.

MROKUPA: National Enterprise Corporation, which always reports to COSASE, for the last 10 years has never made any profit. So, what would we do with such?

MR SSEWUNGU: Madam Chairperson, further information to Hon. Nadala-Mafabi. In the Ninth Parliament, we investigated NSSF and Umeme, but Umeme was showing losses throughout; Umeme alone! That is the information I want to give you.

MR NADALA-MAFABI: Madam Chairperson, the one we are giving, which I want the minister to listen. One, assuming I have a company manufacturing here, which has capital allowances, then I have another department dealing with trading, we should segregate trading from manufacturing so that the -

THE CHAIRPERSON: Hon. Nandala-Mafabi, I do not want Hon. Musasizi to behave the way he did when we handled the Pension Bill. After agreeing here, he went back and said: "Ah, I was overpowered". So, I want to hear from Hon. Musasizi. I know some of us are conflicted; we are all business people around here. I am conflicted and that is why I am not talking.

MR MUSASIZI: Thank you very much, Madam Chairperson. I appreciate honourable colleagues who have contributed to this issue. They both have valid and genuine points.

However, before I make my proposal, I wish to inform the House that we use taxation for a number of objectives; one of them is to promote investment. What I mean is that in the areas of depreciation rates and others, some of these are incentives we give to our investors, which we cannot easily adjust because of the goals they help us to achieve.

I want to propose, in agreement with what Hon. Kateshubwa proposed, that from the debate we have realised that five years may be too short for a business to recoup its investment and make profit. We propose that we adjust from five to seven years and afterwards, we review its performance and report back to the House.

THE CHAIRPERSON: When would the seven years begin?

MR MUSASIZI: Can I consult quickly?

THE CHAIRPERSON: Let him consult.

MR MUSASIZI: Madam Chairperson, if our proposal is agreed to by the House, it will become effective on the 1st July of this financial

year. *(Interruptions)* Please, it is important that we listen to each other. The implication of this is that we shall begin calculating loses from July this year. The first year applicable is from July and we count seven years, going forward.

THE CHAIRPERSON: You are counting seven years from July.

MR MUSASIZI: Yes, from 1 July 2023.

THE CHAIRPERSON: Not backwards?

MR MUSASIZI: Yes.

MR NANDALA-MAFABI: The clarification I want from Hon. Musasizi is this. The initial allowances you gave have just been deleted, but there are people who had already benefited from those initial allowances: how are you going to handle it? Under section 27(a), you had initial allowances of, say, 50 per cent. If somebody had already invested Shs 30 billion, he has Shs 15 billion already as a carry forward and the remaining Shs 15 is writing over a period at 30 per cent. So, how are you going to deal with those accelerated capital allowances you had already given before?

That is why I wanted you to give it time so that we go and study and then advise.

THE CHAIRPERSON: Honourable members, I saw a projection of Shs 244 billion from this tax. Where are you going to get that tax from? Is that what you are projecting to get in the next financial year or what you are projecting to get in the next seven years?

MR MUSASIZI: Madam Chairperson, our projection of Shs 245 billion was based on the projection for the five years.

THE CHAIRPERSON: From when?

MR MUSASIZI: From this financial year.

THE CHAIRPERSON: You know, we are trying to avoid a scenario where, after we pass this law today, you start working backwards – you go and clamp taxes on me. That is what

we want to avoid - no, you cannot say that it cannot be applied retrospectively. You can do anything. *(Laughter)*

Give us the period.

MR MUSASIZI: Let me accept information from Hon. Kateshumbwa.

THE CHAIRPERSON: You give us the period.

MR KATESHUMBWA: Madam Chairperson, the businesses, currently, are operating under the current law. If you bring in this law and immediately start clamping down, you will run into legal problems. This is because, as it is now, it is not a fault that someone is operating under the current law. If you have failed to catch him, the only thing you can do is to treat it going forward.

Also, Madam Chairperson -

THE CHAIRPERSON: Hon. Kateshumbwa, please frame it for the House.

MR KATESHUMBWA: Madam Chairperson, before I talk about that, the so-called realisation of the tax, as indicated, cannot be made this year.

THE CHAIRPERSON: I am saying: frame it the way it should read and how it should appear on the *Hansard*.

MR KATESHUMBWA: I think the -

THE CHAIRPERSON: First wait, Hon. Kateshumbwa.

MR KATESHUMBWA: Madam Chairperson, we need to see how we can draft it to capture the application, going forward. However, as it is now, you can only apply it with effect from the 1st of July, going forward – *(Interruption)*

MR ODUR: Madam Chairperson, when it comes to interpretation of the law, the wordings are very important. I would like to read it so that we can move together.

“(5a) Notwithstanding the provisions of this section, a taxpayer who, after a period of five years of income...”

THE CHAIRPERSON: Seven years.

MR ODUR: Okay. Seven years.

“... a taxpayer who, after a period of seven years of income...” The moment you stop there, seven years of income can be ascertained. How long have you been getting income? Eight, nine or 10 years. The records are there. So, I would propose an amendment.

If the intention of the minister and what Kateshumbwa is saying is for it to start on the 1st of July, it should read: “(5a) Notwithstanding the provisions of this section, a taxpayer who, after a period of seven years from 1 July 2023...” Then, it continues.

MR ENOS ASIIMWE: Madam Chairperson, if we take his proposal, we are as good as deleting the clause and looking at the incentives that Hon. Nandala was talking about. Saying that we make a law and wait for seven years to apply it does not make sense at all. For me, we should pass it for seven years, but look at the number of years this person has been earning income and we start calculating based on that. If we do not do that -(Interjection)- listen. It is a proposal - you have been talking all along.

Honourable members, we need to understand that this clause has two issues: the cost of administration to follow up on these taxes and the issue of exemptions. We are saying, yes, Government has been exempting you for the last five years. We are now in a situation where we think we should tax 50 per cent of your carry forwards and we allow 50 per cent to cover your losses. That is one aspect we should look at. We are actually taking away an exemption.

Secondly, we are also saying that, after taking away the exemption - we could have done what Nandala was talking about: the cost of administering this tax or following up on who is “cooking books” and who is not will cost us

a lot of money and the best option would be for us to pass the law.

Madam Chairperson, you are very busy with the honourable colleagues. As we have always done – (Member timed out.)

Madam Chairperson, in conclusion -

THE CHAIRPERSON: Honourable members, can we conclude this? Give us the position.

MR MUSASIZI: Madam Chairperson, I have consulted and would like to propose as follows -

THE CHAIRPERSON I want you to reframe your proposal.

MR MUSASIZI: Madam Chairperson, I want to put the effective date as 1 July 2023, for five years. We are going forward – counting five years, beginning 1 July 2023. If we do seven years, it will be too long.

MR NANDALA-MAFABI: Madam Chairperson, we all want Uganda – (Interjection) - no, you are my younger brother, but you are misbehaving. (Laughter)

Madam Chairperson, I want us to agree. I have heard somebody saying that some of us are investors. There is nothing bad about being an investor. Mr Kateshumbwa has a hotel. I want you to tell me: if you invested today, would you start making gains on your capital after five years? It is impossible!

That is why I was saying, Madam Chairperson, that we stand over this matter so that we go and all sit down –(Interjection)- please, listen to me. Let us stand over this matter, we sit down, we can even tell the President that we are going to reconsider between now and next Bill. The reason will be this: we shall sit down and look at what an investor – because a study will be done - the one who is in manufacturing, how long does it take to start earning from his investment.

Manufacturing does not mean the big one, even the one of a maize mill can invest Shs 20 million in a maize mill and if he starts running it, he might start getting money after some time.

Madam Chairperson, if we do that, we shall come back here when we have agreed in a better way because you are talking of five years, seven years and what it is –

THE CHAIRPERSON: Honourable members, the insertion of the period is going to be seven years, and the effective date is 1 July 2023. I put a question that the proposed new clause with its amendments stands part of the Bill.

(Question put and agreed to.)

New clause, agreed to.

THE CHAIRPERSON: I want to remind the Ministry of Finance, Planning and Economic Development that we are not going to apply this retrospectively. It must be on record that it will not be.

New Clause

MR KANKUNDA: Madam Chairperson and honourable colleagues, we propose the insertion of section 86(a) in the principal Act.

Taxation of non-residents providing digital services

1. The tax be imposed on non-resident persons deriving income from providing digital service in Uganda to a customer in Uganda at a rate prescribed in part 4 of Schedule 3 to this Act.
2. For purposes of subsection (1), income is derived from providing a digital service in Uganda to a customer in Uganda, if the digital service is derived over the internet, electronic network or on an online platform.
3. For the purpose of this section digital services include:

3. Online advertising services;
 - a. Data services;
 - b. Services derived through an online marketplace or intermediation platform including an accommodation online marketplace, a vehicle hire online marketplace and any other transport online marketplace and;
 - c. Digital content services including accessing and downloading of digital content;
 - d. Online gaming services;
 - e. Cloud computing services;
 - f. Data warehousing;
 - g. Services other than those services in this subsection derived through a social media platform or any internet search engine; and
 - h. Any other digital services as the minister may prescribe as statutory instruments made under this Act.
4. A non-resident person under this section shall lodge a tax return to the Commissioner-General within 15 days after the end of the tax period.

The justification is that the insertion of section 86(a) is to impose a tax on income derived from non-residents who provide digital services.

Secondly, to require non-residents to file returns with the Commissioner-General for income derived from Uganda.

THE CHAIRPERSON: Honourable members, you have heard; the justifications are: to tax the non-residents and to impose a tax on income derived from non-residents.

MRAOGON: Madam Chairperson, you know very well, that non-residents are people who are not residing in Uganda. If they come here, the law is clear that in less than 183 days, they touch Uganda, touch base and go away. Tell me how you are going to hold these people to be

accountable to you? How are you going to grab this money?

For instance, you are working on Uber, and you want to tax their benefits, how are you going to do it? You are going to distort the whole arrangement of taxation internationally and locally.

I do not know whether you did good research, did you benchmark in any country? Tell me three examples of countries that have done this, please.

MS NALUYIMA: How are you planning, given that Uganda is still grappling with internet usage and the way you have listed the different services including accessing data, recall many of the Ugandans are using – much as you have said non-resident - these external services like Google, Facebook, and Twitter. When you look in detail, at the end of it all the tax is getting back to Ugandans. Recall the perimeters for the digital life pillar ranking in Uganda are still low.

How are you differentiating digital services vis-a-vis digital market services so that you can go further to look out for that tax? I wish we can really look at how Uganda is grappling to see that it increases its technology use.

MR MUSASIZI: Madam Chairperson, I want to respond to my MP, Hon. Naluyima because I live in her district. We are not looking at the services. We are looking at the income derived by the service provider. The chairman of the committee said in his report that, “for Uber service, the money goes to California” and this beneficially leaves no tax in Uganda.

He derives income by providing Uber services and you pay online and the money goes to California 100 per cent. We are saying, can we have a mechanism of leaving five per cent of this income in Uganda? Honestly speaking, is this wrong?

THE CHAIRPERSON: I put a question that the proposed new clause stands as part of the Bill.

(Question put and agreed to.)

New clause, agreed to.

MOTION FOR THE HOUSE TO RESUME

6.54

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES)

(Mr Henry Musasizi): Madam Chair, I beg to move that the House do resume and the Committee of the Whole House reports thereto.

THE SPEAKER: I put the question that the House do resume and the Committee of the Whole House reports thereto.

(Question put and agreed to.)

(The House resumed, the Speaker, presiding.)

REPORT FROM THE COMMITTEE OF
THE WHOLE HOUSE

6.54

THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Thank you, Madam Speaker. I beg to report that the Committee of the whole House has reconsidered the Income Tax (Amendment) Bill, 2023 as returned by His Excellency the President and passed it with amendments.

I beg to report that the Committee of the whole House has reconsidered the Income Tax (Amendment) Bill, 2023 as returned by His Excellency the President and passed it with amendments.

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

6.55

THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move a motion that the report from the Committee of the whole House be adopted.

I beg to move a motion that the report from the Committee of the whole House be adopted.

THE SPEAKER: I put the question that the House adopts the report from the Committee of the whole House.

(Question put and agreed to.)

Report adopted.

BILLS
THIRD READING

THE INCOME TAX (AMENDMENT)
BILL 2023, AS RETURNED BY HIS
EXCELLENCY, THE PRESIDENT

6.56

THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move a motion that the Income Tax (Amendment) Bill, 2023 as returned by His Excellency, the President, be read for the third time and do pass.

THE SPEAKER: Honourable members, I put the question that the Income Tax (Amendment) Bill, 2023 as returned by His Excellency, the President, be read for the third time and do pass.

(Question put and agreed to.)

A BILL FOR AN ACT TITLED, THE
INCOME TAX (AMENDMENT) ACT, 2023

THE SPEAKER: Title settled and Bill passed. *(Applause)* Hon. Amos, you can bring your motion. *(Laughter)*

Honourable members, the House is adjourned to tomorrow at 2 o'clock. Thank you.

(The House rose at 6.57 p.m. and adjourned until Wednesday, 12 July 2023 at 2.00 p.m.)