

PARLIAMENT OF UGANDA



REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE TAX PROCEDURES CODE (AMENDMENT) BILL, 2025

Office of the Clerk to Parliament

11th Parliament

May, 2025

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1.0 INTRODUCTION

The Tax Procedures Code (Amendment) Bill, 2025 was read for the First Time on 27th March, 2025 and referred to the Committee on Finance, Planning and Economic Development for consideration in accordance with Rule 135 (1) of the Rules of Procedure of Parliament.

The Committee scrutinised the Bill in accordance with Rule 135 (2), (3) and (4) of the Rules of Procedure and now begs to report.

2.0 OBJECT OF THE BILL

The object of the Bill is to amend the Tax Procedures Code Act, Cap. 343 to:

- i. provide for the use of National Identification Numbers and registration numbers as Tax Identification Numbers;
- ii. reform the EFRIS penalty to be proportionate to the assessed tax;
- iii. provide for a gaming and betting centralised payment gateway system;
- iv. provide for a penal tax for failure to use or integrate with the gaming and betting centralised payment gateway system; and
- v. hold individuals liable for failure to comply with requirements for tax exemption.

3.0 METHODOLOGY

While considering the Tax Procedures Code (Amendment) Bill, 2025, the Committee utilised the following methods:

3.1 Meetings

The Committee held meetings with the following entities:

- i. Ministry of Finance, Planning and Economic Development (MoFPED);
- ii. Uganda Revenue Authority (URA);
- iii. PricewaterhouseCoopers (PwC);
- iv. Certified Public Accountants of Uganda (ICPA-U);
- v. Private Sector Foundation Uganda (PSFU);

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- vi. Uganda Manufacturers Association (UMA);
- vii. Birungyi, Baraata and Associates; and
- viii. American Chamber of Commerce, French Chamber of Commerce, British Chamber of Commerce and Netherlands Trade and Industrial Platform.

3.2 Written submissions

The Committee received written submissions from the following:

- i. The Attorney General;
- ii. Kikuubo Entrepreneurs Initiative; and
- iii. Bawunha, Badebye Certified Public Accountants

3.3 Document review

The Committee reviewed and made reference to the following documents:

- i. Submissions from the stakeholders mentioned above;
- ii. The Tax Procedure Code (Amendment) Bill, 2025 – Explanatory Notes; and
- iii. The Tax Procedures Code Act, Cap. 343

4.0 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

4.1 Certificate of Financial Implications

Section 74 (2) of the Public Finance Management Act, Cap. 171 necessitates that the CFI indicates the estimates of revenue and expenditure over a period of not less than two (2) years after the coming into effect of the Bill when passed. The Minister of Finance tabled a Certificate of Financial Implications indicating among others the following:

- i. costs of implementation of the Bill are already provided for in the medium-term budget allocations to Uganda Revenue Authority;
- ii. expected revenue from the Bill is estimated to be UGX 220 billion annually;

- iii. the proposed changes in the Tax Procedures Code (Amendment) Bill, 2025 will ease tax administration by streamlining the registration of persons, businesses and ensure tax and regulatory compliance of the gaming and betting sub-sector;
- iv. The revenue yield from the Bill will be allocated to areas that generate economic output, which will contribute to sustainable economic growth from 6.4% in FY 2024/2025 to 7.0% in FY 2025/2026 and to at least 7.0% over the medium term.

4.2 Replacement of TINs with NINs and registration numbers

Clause 2 (1) of the Bill proposes to substitute Section 4 of the Tax Procedures Code Act, Cap. 343 to designate the National Identification Number (NIN) issued by the National Identification Registration Authority (NIRA) and the registration number issued by Uganda Registration Services Bureau (URSB) as the official Tax Identification Numbers (TINs) and the TIN issued by a foreign tax authority with whom Uganda has a tax treaty or agreement for the exchange of information.

In January, 2022, URA issued a public notice requiring taxpayers to update their registration details to include their NINs, thus reinforcing the move towards a unified identification system.

The Committee was informed that adopting the NIN and URSB registration numbers as TINs offers several benefits as explained below:

i. Consistent identification

The NIN ensures continuity, remaining unchanged even when taxpayer details such as names or addresses are updated. This minimises confusion and leads to more accurate identification particularly in cases of individuals with similar names, company mergers or trade name usage.

ii. Efficient data management

Using the NIN as a unique identifier simplifies the integration of various data sources such as tax returns, payments and other relevant information. This facilitates easier cross-referencing, analysis and reporting.

iii. Improved communication

The NIN provides a clear reference point, enhancing communication between URA and taxpayers through both digital and traditional channels, reducing ambiguity and streamlining interactions.

The Committee observed that:

- i. the proposal will simplify the process of paying taxes;*
- ii. the proposal will enable URA to collect data on both individuals and non-individuals who are in business but not paying their fair share of taxes and implement the requisite measure thereafter;*
- iii. the proposed amendment is aligned to Section 65 of the Registration of Persons Act which permits the use of the National Identification Register for taxation purposes; and*
- iv. use of a NIN will enable taxpayers to easily comply with registration for tax purposes. Majority of Ugandans already have a NIN which shall not change even upon expiry of a taxpayer's national identification card.*

4.3 Establishment of a centralised register for non-individuals

Clause 2 (2) proposes to amend the Tax Procedures Code Act to mandate the URSB to establish and maintain a centralised register of all non-individual entities registered, incorporated or operating in Uganda.

The Committee was informed that currently, the registration and regulation of non-individual entities in Uganda is fragmented with multiple Government agencies managing different categories of entities under various legal frameworks. This fragmented approach has resulted into data inconsistencies, duplication of processes and inefficiencies in licensing and regulation.

The absence of a centralised data base complicates efforts to track beneficial ownership, creating opportunities for illicit financial activities, tax evasion and revenue loss.

The proposed central registry is intended to address these challenges by providing a unified database of non-individual entities, including trusts, societies, cooperatives and non-governmental organisations.

The Committee observed that establishing a centralised database will create a more efficient and transparent registration framework. This will streamline taxpayer identification and enhance revenue mobilisation.

4.4 Inclusion of NINs and registration numbers in returns to tax authorities

Clause 2 (3) seeks to amend the Tax Procedures Code Act to require taxpayers to include NINs, business registration numbers or TINs issued by a foreign tax authority with whom Uganda has a tax treaty or agreement for the exchange of information on any return, notice, communication or other document submitted for tax purposes.

The Committee observed that the amendment intends to preserve provisions of Section 4(4) of the Tax Procedures Code Act which requires tax payers to state their TINs on any return, notice, communication or other documents lodged for purposes of tax.

4.5 NIN as a requirement for issuance of licences

Clause 2(4) mandates a local authority, Government institution or regulatory body not to issue a licence or any form of authorisation required for conducting business in Uganda unless the applicant possesses a NIN, business registration number or a TIN issued by a foreign tax authority with whom Uganda has a tax treaty or agreement for the exchange of information.

The Committee observed that this provision mirrors the current Section 4(9) of the Tax Procedures Code Act which imposes a similar requirement for an individual to have a TIN before obtaining a business licence. By extending this requirement to include NINs and registration numbers, the amendment aims to enhance business registration compliance and support formalisation of businesses.

4.6 NIN requirement for registration of instruments for stamp duty

Clause 2 (5) requires that any individual lodging an instrument subject to Stamp Duty must provide a NIN or business registration number before the instrument can be registered.

The Committee observed that the proposed amendment mirrors the existing provision under Section 4(10) of the Tax Procedures Code Act which requires a

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TIN for such transactions. By including NINs and registration numbers in this requirement, the amendment ensures Stamp Duty obligations are linked to traceable taxpayer information, further promoting tax compliance and business formalisation.

The Committee recommends that:

- i. NIRA should simplify the NIN acquisition process to make it faster and easier for Ugandans to acquire the NIN and thus ensure the operationalisation of this provision;***
- ii. NIRA should deploy technologies and tools like finger print readers and biometric identification to enable tax payers file returns, notices, communications or other documents for purposes of tax especially in cases where a tax payer may not have a physical National identification card owing to loss or misplacement, among other reasons; and***
- iii. the proposed amendments in Clause 2 highlighted above should be adopted in order to ease tax administration, enforce compliance and consequently, expand the revenue base.***

4.7 Waiver of interest and penalty upon payment of principal tax

Clause 3 of the Bill proposes an insertion to section 47B in the Tax Procedures Code Act which provides that any interest and penalty outstanding as at 30th June, 2024 shall be waived where the tax payer pays the principal tax by 30th June, 2026.

Further, Clause 3 proposes that where the taxpayer pays part of the principal tax outstanding as at 30th June, 2024, by 30th June, 2026, the payment of interest and penalty shall be waived on a pro-rata basis.

A similar provision was introduced in 2023 and 2024 by MoFPED and passed by Parliament.

The Committee was informed that this proposal is aimed at providing taxpayers with additional time to resolve outstanding tax issues, stabilise their cash flows and settle obligations.

The Committee observed that many tax payers have not benefitted from the 2023 and 2024 amendments because of the outstanding issues with their respective URA ledger reconciliations.

The Committee recommends that

- i. the proposed amendment to extend the waiver of interest and penalty upon payment of principal tax should be adopted; and***
- ii. URA should clean up tax ledgers to address the numerous complaints from taxpayers.***

4.8 Revision of penalties for non-compliance with EFRIS

Clause 4(a) of the Bill proposes an amendment to section 93 of the Tax Procedures Code Act to revise the penalties for non-compliance with the Electronic Fiscal Receipting and Invoicing Solution (EFRIS) by imposing a penalty of double the tax due on the goods or services.

The current penalties impose either the tax due on the goods or services, or four hundred currency points (UGX 8 million), whichever is higher, for not using an Electronic Fiscal Device or the tax due on the goods or services or three hundred currency points (UGX 6 million), whichever is higher for not using the EFRIS System.

The amendment seeks to replace these penalties with a revised provision imposing a penalty of double the tax due on the goods or services.

The Committee was informed that the proposed amendment aims at addressing inequity in the current system where small businesses bear an unfair burden due to disproportionately high penalties.

The Committee recommends that the Clause be adopted.

4.9 Introduction of a gaming and betting centralised payment gateway system

Clause 5 of the Bill proposes insertion of a new section 93A immediately after 93. The insertion requires operators of casinos, gaming and betting activities to conduct all transactions – both for receiving wagers and making payouts – exclusively through a centralised payments gateway system, licensed by Bank of Uganda under the National Payment Systems Act. The system will be directly linked to the URA electronic notice system to facilitate real-time monitoring and reporting of transactions.

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Clause 5 of the Bill also seeks to introduce section 93B which stipulates that an operator of a casino, gaming or betting activity who fails to use or integrate with the gaming and betting centralised payments system shall be liable to a penal tax equivalent to double the gaming or withholding tax due or five thousand, five hundred currency points, whichever is higher.

The Committee was informed that this provision is intended to enforce compliance with the system given the substantial cash flows and heightened risk of non-compliance in the gaming and betting sector.

The Committee was also informed that the amendment will help curb illicit financial flows, minimise the risk of tax evasion and improve oversight of the industry's financial activities. Further, the amendment is aimed at reducing and finally eliminating the use of cash in the gaming and betting industry.

The Committee observed that:

- i. *there are two categories of slot machines used in the betting and gaming sector: slot machines which accept Ugandan currency (coins and paper notes) and slot machines which accept electronic cards/biometric access. The second category is in line with the technological advancement in the gaming world. The gaming standards developed support the second category which is in line with the centralised payments gateway system;*
- ii. *The National Lotteries and Gaming Regulatory Board (NL&GRB) is unable to ascertain the accuracy and authenticity of the stakes and pay-outs transactional data submitted by the operators on the National Central Electronic Monitoring System;*
- iii. *there are a number of betting companies which have slot machines which accept Ugandan currency (coin and paper notes) and will be required to comply with the requirements of the provision; and*
- iv. *The Centralised Payment Gateway System will enable the NLGRB to access transactional data and validate data submitted by operators and therefore, enhance tax administration.*

The Committee recommends that operators who are not compliant at the commencement of this Act should be given a one-year transition period to integrate their equipment with the centralised payment gateway system.

4.10 Personal liability for failure to comply with tax exemption requirements

Clause 5 of the Bill proposes insertion of a new Section 93C which will require a taxpayer exempted from tax to continuously maintain the conditions necessary to qualify for an exemption under the tax law. If the taxpayer fails to meet these conditions, they will be liable to pay the tax due for the period in which they were non-compliant. It is pertinent to note that the tax due shall be paid personally by the taxpayer who failed to uphold the exemption requirements.

The Committee was informed that this amendment addresses a significant gap in the law regarding the treatment of tax payers who cease to meet exemption conditions. Under the current regime, there is no clear guidance on what happens when an exempt tax payer no longer satisfies the legal criteria for their exemption. The proposed amendment resolves this by specifying that the exemption will not apply for any period in which the conditions are unmet but may resume once the tax payer regains compliance.

The Committee observed that:

- i. *the introduction of personal liability in case of non-compliance will mainly affect taxpayers enjoying VAT and Excise Duty on supplies received. The proposed amendment indicates that if a taxpayer previously enjoyed an exemption but fails to maintain the required conditions, that taxpayer will bear the responsibility of paying the unpaid tax on supplies made during the period of non-compliance; and*
- ii. *the proposed amendment will ensure accountability and prevent abuse of exemptions by certain tax payers.*

The Committee recommends that the proposed insertion of Section 93C be adopted.

5.0 CONCLUSION

The Committee recommends that The Tax Procedures Code (Amendment) Bill, 2025 be passed subject to the proposed amendments.

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**PROPOSED AMENDMENTS TO THE TAX PROCEDURES CODE
(AMENDMENT) BILL, 2025**

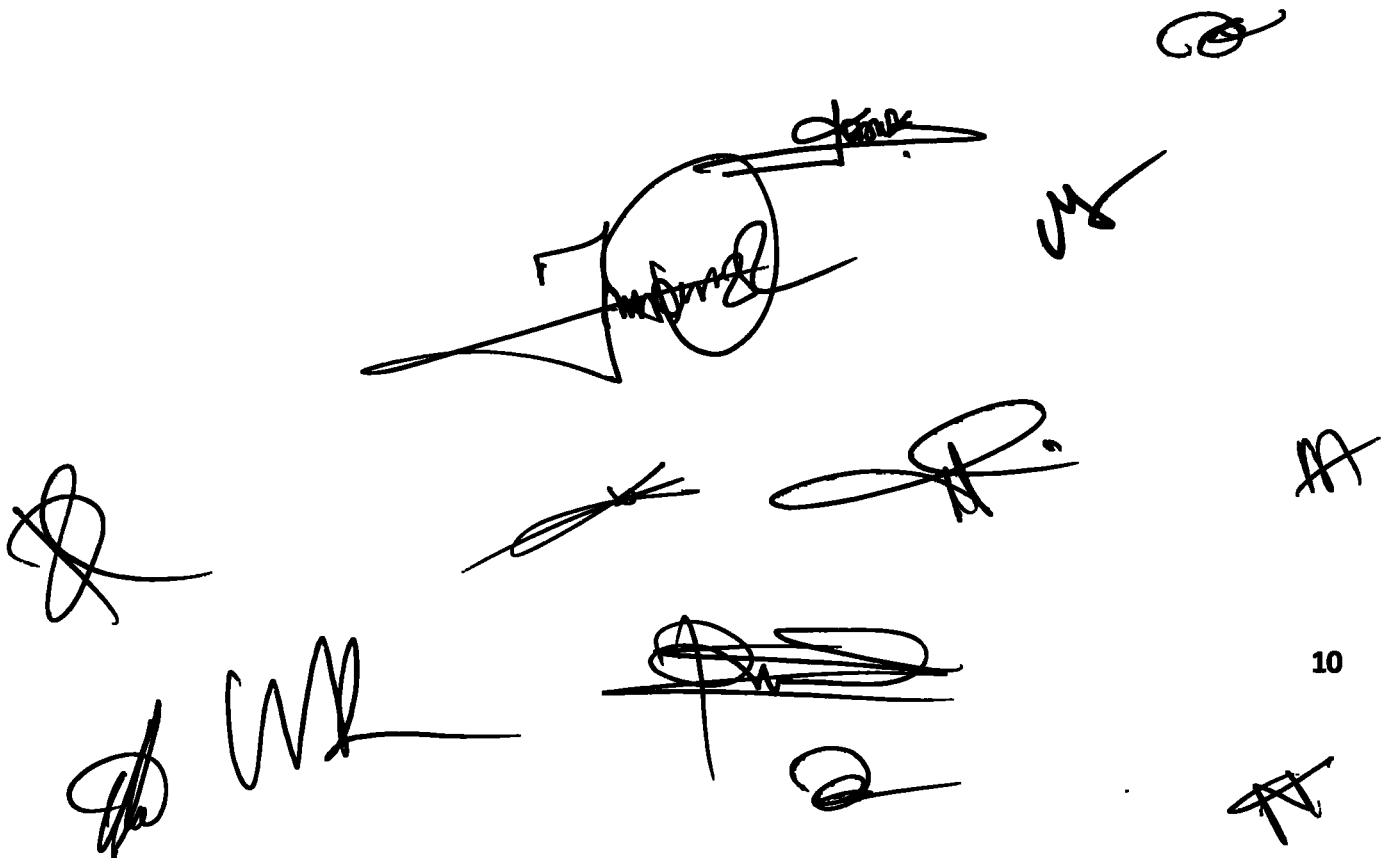
Clause 5: Insertion of section 93A, 93B and 93C to principal Act

Clause 5 is amended by inserting immediately after the proposed section 93A (2) the following-

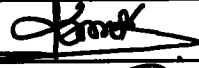

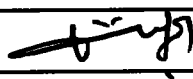
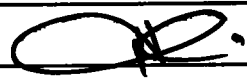



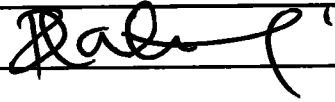

"(3) An operator of a casino, gaming or betting activity who is required to receive a wager or money staked and only make payouts through the gaming and betting centralised payments gateway system referred to under subsection (1), shall comply with subsection (1), within a period of twelve months from the date of commencement of this Act."


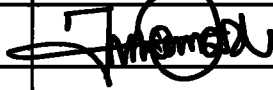
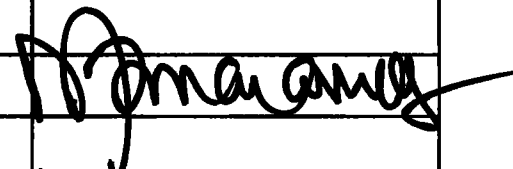
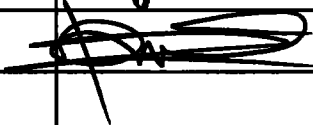
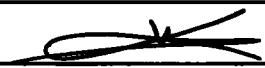

Justification

To give a transition period of twelve months to an operator of a casino, gaming or betting activity who is not compliant with the proposed section 93A at the commencement of this Act, to integrate their equipment to centralised payments gateway system.

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**COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT –
ENDORSEMENT OF THE REPORT ON THE TAX PROCEDURES CODE
(AMENDMENT) BILL, 2025**

NO	NAME	SIGNATURE
1.	HON. KANKUNDA AMOS K. (Chairperson)	
2.	HON. ALEPER MOSES (Deputy Chairperson)	
3.	HON. OGWAL MOSES GOLI	
4.	HON. DR. KUGONZA EMELY	
5.	HON. BATARINGANYA BASIL RWANKENE	
6.	HON. TAYEBWA HERBERT	
7.	HON. NANGOLI GERALD	
8.	HON. WAMAKUYU IGNATIUS MUDIMI	
9.	HON. ATIMA JACKSON LEE	
10.	HON. KAMBALE FERIGO	
11.	HON. OCHAI MAXIMUS	
12.	HON. WANDA RICHARD	
13.	HON. OKOT JOHN AMOS	
14.	HON. ASIMWE .K. ENOSI	
15.	HON. OPOLOT PATRICK ISIAGI	
16.	HON. KATWESIGYE OLIVER KOYEKYENGA	
17.	HON. KATESHUMBWA DICKSON	
18.	HON. LUBEGA BASHIR SSEMPA	
19.	HON. KINSHEBA PATIENCE NKUNDA	
20.	HON. NAKUT FAITH LORU	

21.	HON. KYOOMA XAVIER AKAMPURIRA	
22.	HON. NABUKEERA HANIFA	
23.	HON. MUWANGA KIVUMBI MUHAMED	
24.	HON. NABUKENYA BRENDAAH	
25.	HON. NABAGABE FLAVIA	
26.	HON. NANDALA MAFABI	
27.	HON. AKOL ANTHONY	
28.	HON. OGUZU DENIS LEE	
29.	HON. SSEMURJU IBRAHIM	
30.	HON. EKANYA GEOFFREY	
31.	HON. OCHAN PATRICK	
32.	HON. SEBALAMA RICHARD	
33.	HON. PAUL OMARA	
34.	HON. MPINDI BUMALI	
35.	HON. MASABA KARIM	
36.	HON. ACIRO PASKA MENYA	
37.	HON. NDYOMUGENYI ROLAND	
38.	HON. KEEFA KIWANUKA	
39.	HON. OCWA DAVID	
40.	HON. AVUR JANE PACUTO	
41.	HON. DR. CHARLES AYUME	
42.	HON. MBABAZI JENNIFFER KYOMUHENDO	
43.	HON. DR. AGNES APEA	



MINORITY REPORT ON THE TAX PROCEDURES CODE (AMENDMENT) BILL, 2025

May, 2025

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Clause 3

Be amended to read as follows....interests and penalties outstanding, between 01/07/2014 and 30/06/2025, be waived as long as the tax payer pays the tax by 30/06/2026.

Justification

1. This will address the taxpayers who have been treated unfairly when they paid the tax and heavy penalties, and interests as a result of tax ledgers by URA. These ledgers have been heavily overinflated with interest and penalties since 2010
2. The principal tax outstanding in most cases is a result of overpayments in earlier periods of interest and penalties
3. This will help to eliminate arrears, which are a result of only interests and penalties for a long period.
4. The current clause helps offenders other than the compliant taxpayers.

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Nathan Nandala Mafabi