



PARLIAMENT OF UGANDA

PARLIAMENTARY DEBATES

(HANSARD)

OFFICIAL REPORT

SECOND SESSION - THIRD MEETING

THURSDAY, 4 MAY 2023



IN THE PARLIAMENT OF UGANDA

Official Report of the Proceedings of Parliament

SECOND SESSION - 35TH SITTING - THIRD MEETING

Thursday, 4 May 2023

Parliament met at 2.04 p.m. in Parliament House, Kampala.

PRAYERS

(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 sitting. Yesterday, during the debate on the brutality that was meted out on the Women Members of Parliament, the discussion was centred on the need to preserve the delicate political space for women.

As women, we must guard our space jealously; we were elected. And as a result of that, I issued some directives and I want to reiterate that the commemoration of internationally-recognised days such as Women's Day must be respected by all stakeholders. And so, when a Woman Member of Parliament wants to celebrate, they should be respected and should be allowed to do it without any interference. Members of Parliament and citizens out there can always arrange to commemorate such days lawfully.

The Minister of Internal Affairs should investigate all the security personnel who were involved in the interruption of the celebration of Women's Day for the Women Members of Parliament, who have already reported it to Parliament.

The sectoral Committee on Presidential Affairs should inquire on the role of the Resident District Commissioners (RDCs) in disrupting the Members' constituency activities and submit to this House the terms of reference for the RDCs as they operate in their areas - whether brutality is one of them.

The Prime Minister should table, in Parliament, the schedule for the disbursement of the Shs 3 million that was meant to be sent to each district to facilitate the celebration of Women's Day, as revealed yesterday.

The Rt Hon. Prime Minister should also report on the actions taken against the parties that have been mentioned, as per the directives, including RDCs, police officers, and any other persons that may have been involved.

The Minister for the Presidency should appear before the Committee on Presidential Affairs to explain whatever happened in regard to the RDCs and report back to this House within one month.

Honourable members, on 14 March 2023, the Public Service Pension Fund Bill was read for the first time in this House and was referred to the Committee on Public Service and Local Government, in line with Rule 129(1) of the Rules of Procedure.

The 45 days that were given, as envisaged in rule 129(2), elapsed on the 28th of April. The chairperson of the committee is here to seek an extension for the days in line with

the provisions of Rule 141(2) of the Rules of Procedure. At the right time, I will allow the chairperson to come and formally seek that extension in the House.

Additionally, my attention has been drawn to the reports on the heavy rains, mudslides, and floods that have ravaged most of the parts of Kigezi and Rwenzori, claiming over 16 lives and leaving hundreds homeless. This is a common occurrence during this rainy season, during which we experience this kind of disaster. In this regard, I urge people in the Elgon Region to be on alert because this is likely to continue happening. Uganda is a very interesting country; it is either floods or drought. So, we must always be prepared for both floods and drought. We have lost a number of people just within these few days.

As people's representatives, we would like to condole with the families that have lost their people and I ask the Minister of Disaster Preparedness to bring to the House a report on the immediate action they have taken on what is happening, together with the long-term plans.

However, this still takes us back to what we have been saying: We need a Disaster Commission set up. This is a constitutional requirement -*(Applause)*- although nobody has ever bothered to do this.

They will say, "We have a disaster committee in the constituency," yet it would be this Disaster Commission to push the disaster committees at the district level to ensure we prepare in time. But we have paid a deaf ear to that. May we rise for a moment of silence in honour of the people who have lost their lives.

(Members rose and observed a moment of silence.)

THE SPEAKER: Honourable members, as we continue to mourn the departed, I also remind you to continue keeping in touch with the family of the late Col Charles Engola, our colleague, who passed on. Please support them through prayers, financially - but also just

going to be with the family is good enough. He has been one of us, but he is now gone. He used to be like us, and we will be like him. So, we need to stand and be with the family during this difficult period.

We will have matters of national importance at the time of handling the Prime Minister's Time so that the Prime Minister can answer whatever will be raised. Thank you.

2.14

MS ANNA ADEKE (FDC, Woman Representative, Soroti): Thank you, Madam Speaker. Yesterday, we were just a little bit shocked about how the debate ended but we are pleased with your clarity of judgment in giving the way forward and the directives that you have given.

Now, if it may please you, yesterday, the Deputy Attorney-General provided details about the Public Order Management Act, the Constitutional Court's ruling, and where we stand today. He also undertook to have a practice direction authored by his department to guide all the security agencies on how to regulate public meetings and gatherings.

Madam Speaker, would you please add that to the directives and give the time period within which this practice direction can be issued? This is because many police officers are still using the law that has already been nullified to restrict and make it impossible for public gatherings to happen, and yet we are well aware of what this House did regarding the Law Reform (Miscellaneous Provisions) Act and the position of the same.

Madam Speaker, if it may please you to add to what you have enumerated; the fact that the male police officers who arrested women should be strictly disciplined. That is a matter of violation of women's bodily integrity. Hon. Susan's sister gave us her testimony that she was fondled by the male police officers who arrested her. The police officers who were in charge of arresting our colleague in Buvuma were all men and it is a gross abuse to the women of Uganda. We should speak clearly

and also condemn the same. The Prime Minister should clearly address that issue and tell us why, as women of Uganda, men are involved in arresting and touching women's bodies.

THE SPEAKER: Thank you. Prime Minister, the aspect of men arresting women is very wrong. Just imagine yourself as a *Hajjat* and somebody is touching you - it is a wrong thing. Ladies must be arrested by ladies. Men are comfortable being arrested by women. *(Laughter)*

Honourable members, the Law Reform (Miscellaneous Provisions) Act was brought to the House. There was a court decision to that effect on what the Attorney-General said yesterday. In that court decision, we now had a revision in the House; it was sent for assent, but it has not yet come back. Can we hear from Hon. Asuman first because he was part of that Bill?

2.17

MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri): Madam Speaker, I thank you for your communication. On the issue at hand, when you gave me leave to bring the Law Revision Miscellaneous (Amendment) Bill, I was looking at the court decision that actually nullifies section 8 of the Public Order Management Act, section 32 of the Police Act and other sections. When we passed that law here, I had requested other provisions in that law to be included, but the Attorney-General advised that I bring a separate Bill to capture that, which is ready for presentation.

However, even before the President assenting to that Bill, there are already Constitutional Court decisions - actually, two of them on the aspect of permission and notice. Whether the President assents to it or not, at least, the courts have made a decision. The idea of asking people to get permission or licences has been completely quashed by the Constitutional Court.

Hon. Adeke talked about practice directions. We have another fundamental issue that needs to be addressed: even when you decide to write

to police, they have a culture of declining to acknowledge receipt. You will take communication or notification and they will decline to accept it. For your information, the police anywhere in this country have no stamp to acknowledge receipt. The best they will do is for somebody there to say that they have received your communication and ask you to go back. Then, when the function reaches, they will claim that they do not have any notification. Since you do not have evidence, it becomes a very big challenge.

In the practice direction, learned Deputy Attorney-General, I pray that even failure to receive a document by police should in itself be a disciplinary issue so that we avoid this ping-pong of people declining to receive communication or notification, when we have events. Otherwise, it is going to be a very big problem. I beg to submit, Madam Speaker.

2.20

THE DEPUTY ATTORNEY-GENERAL (Mr Jackson Kafuuzi): Thank you, Madam Speaker. I do note that my colleague, Hon. Asuman, was not with us yesterday when we discussed this matter. He has introduced something new - receipt. It is one area that we need to look at that I cannot commit myself now as to how it will go, but it has to be studied. Yesterday, when I was making that commitment, I said it will be the Office of the Attorney-General, the Ministry of Justice and Constitutional Affairs together with the Ministry of Internal Affairs to handle that. We need to exchange views on how best we can work this out so that we put pen to paper. I can promise you that.

THE SPEAKER: Thank you. That is why he said yesterday that they should have copies of what was received and I thought they have stamps. Now that they do not have stamps, the Attorney-General should be able to go study that and see how best - stamps are very cheap. We can improvise for the stamps and have them.

Honourable members, I am not going to allow you a lot of time on this. We must finish our Bills.

2.21

THE MINISTER OF STATE FOR TRADE, INDUSTRY AND COOPERATIVES (INDUSTRY) (Mr David Bahati): Thank you, Madam Speaker, I rise to respond to your communication by thanking you and the House for standing with us on this issue of landslides and the problems we received in the regions of Kigezi and Rwenzori. We have so far received information that 18 people have died. There is also destruction of homes, houses and roads; for example, Katuna-Muko, the road that goes to Lake Bunyonyi in my own constituency. All these have been destroyed by the rain.

To also update the House that upon receiving this information, we have involved the Office of the Prime Minister and informed the Minister of Works and Transport. We are doing all that we can to make sure that the situation at least temporarily improves, as we plan for a permanent solution.

I once again send my condolences to the people who have lost their dear ones and those that have been greatly affected. I confirm that Government is doing something to come to their rescue. I appreciate your sympathies, Madam Speaker, and the House. I thank you.

THE SPEAKER: Thank you. In the Public Gallery this afternoon, we have students and teachers of Ekisenu Quality Junior School from Nakifuma, a constituency represented by Hon. Hanifa Nabukeera and Hon. Ssimbwa Fred. (*Applause*) You have a good Member of Parliament. Tell your parents to continue voting for her and Hon. Ssimbwa to Parliament.

Can we now hear from the Leader of the Opposition? - Let us go to the business; why do you want to comment on what I have said?

2.24

THE LEADER OF THE OPPOSITION (Mr Mathias Mpuuga): The House Speaker is not a small person; her communication can make or break - therefore, it is good or even better than any other matter on the Order Paper. Sometimes, you have got to bear with Members to delve into it so that we can appreciate

its implications much better. I appreciate you for enumerating the way forward. After yesterday's terminated debate, you must have heard the giggling.

THE SPEAKER: Honourable members, it was not a terminated debate. You should not alert people when you are about to finish. Why do you want to be alerted? We finished this successfully and we have completed it today. (*Laughter*)

MR MPUUGA: Madam Speaker, I take note of your guidance. (*Laughter*) but I have two remarks.

There are five areas of guidance you have offered and one is the appearance of the Minister for the Presidency and report by the committee in one month. On the others, you have not given timelines so that they can be very compelling.

Madam Speaker, if you are talking about the Prime Minister laying before Parliament the schedule of disbursements, that should be given timelines. May it please you, Madam Speaker, to guide the House and the committees when to report.

What we missed, Madam Speaker, which is the second line of my observation yesterday, is a commitment from the Government. They are actually beyond the arrest and dehumanisation of the Women Members of Parliament. They understand deeply that this has more to do with a matter we discussed last year of the shrinking civic space.

I expected a commitment from the Government that they understand this is a multiparty democracy. If they do not understand it as such, and probably, believe it is only a matter on a paper that we can review - I thought we would need to hear from Government that commitment. Or shall the Speaker continue to give instructions every day because political activities will never stop in this country? Otherwise, we appreciate your guidance, Madam Speaker.

We would like to go to the tax Bills. The Budget Committee is for retreat - that is not a crisis. My challenge is that my members in the committee have given me information that they have been summoned by the President to State House.

Madam Speaker, that summon does not include the instructions of the Speaker. As the Leader of the Opposition of this House, I find that invitation to the committee rather a demand and irregular, unless the Speaker guides this House so I know how to guide my Members that have found it repugnant to simply appear by summons of the President at a time when they are supposed to be considering and reconciling our budget figures.

THE SPEAKER: Thank you, Leader of the Opposition. The committee whose timeline is one month is the Committee on Presidential Affairs. The rest will report back to the House in two weeks' time. That is before we break off for the next session.

Attorney-General, do you have any information on the shrinking space? (*Laughter*)

2.28

THE DEPUTY ATTORNEY-GENERAL (Mr Jackson Kafuuzi): Madam Speaker, I would like to make a response and express concern about my elder brother, the Leader of the Opposition's choice of words or diction. I do understand his concern that members of the committee are being invited. In particular, he chose to use the words "summoned"; "summoned" would imply there are sanctions, if they do not turn up.

To the best of my knowledge, it is by choice. It is an invitation they are free to honour or not. Therefore, let us not create the impression that they are being summoned in order to be dictated to, and that if they do not turn up, there are sanctions. In this case, they are invited. Thank you.

THE SPEAKER: Deputy Attorney-General, are you confirming that Members have been invited? Otherwise, I am not aware.

MR KAFUUZI: My concern is on the words - diction or choice of words. My brother intended to project a particular meaning.

THE SPEAKER: Deputy Attorney-General's issue is on the invitation not the summons. As the Speaker of Parliament, I have not received information to that effect. When I receive the information, I will first understand why they have been invited for that meeting. Otherwise, it could be an interactive meeting with their party chairman, just like the Opposition interacts with the Leader of the Opposition. It could be an interactive meeting to come up with a decision on what should be done.

Honourable members, if I get a written letter, I will come to the Leader of the Opposition. Like I did with Anti-Homosexuality Bill, I invited the LOP to allow Hon. Basalirwa to go for that meeting. When I get a written communication, I will inform you, my brother.

At the moment, I am not aware of the meeting. If they are going to State House, they are going to meet their party chairperson and maybe have a party discussion; I can assure you that they are not doing it on behalf of Parliament. Thank you. Next?

STATEMENT BY THE PRIME MINISTER
ON THE ALLEGED ENFORCED
DISAPPEARANCES BY THE STATE

THE SPEAKER: Before we came to the House, I had a meeting with my brother, the Leader of the Opposition. The report the minister brought would not sufficiently answer what is on the Order Paper; so, we have agreed that the Prime Minister presents this paper on Tuesday.

LAYING OF PAPERS

I. THE PROPOSAL TO BORROW UP TO UA 125.16 MILLION (EURO 147.69 MILLION) FROM THE AFRICAN DEVELOPMENT FUND AND UA 50 MILLION (EURO 59 MILLION) FROM THE AFRICAN DEVELOPMENT BANK AND EURO 25.9841 MILLION FROM THE CORPORATE INTERNATIONALISATION FUND OF SPAIN FOR THE REFURBISHMENT OF THE KAMPALA–MALABA METER GAUGE RAILWAY PROJECT

THE SPEAKER: Honourable members, Article 151(2) of the Constitution of Republic of Uganda, one of the conditions of Government borrowing is that Parliament must approve.

Pursuant to Sections 36 and 39 of the Public Finance Management Act, 2015 and Rule 155(1) of the Rules of Procedure, I now invite the Minister of Finance, Planning and Economic Development to table the loan request to the House. Hon. Lugoloobi?

2.33

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Thank you very much. Madam Speaker, I beg your indulgence because on the Order Paper, we have laying of this proposal.

I would like to update the House that this particular loan proposal was actually approved. What we have now is a favourable adjustment in the loan with a grant element that was not there before. Given that adjustment, we have to come back to you with a motion since the loan was approved already. Instead of laying, I would beg that I move a motion for a resolution of Parliament to reconsider the proposal to do the necessary adjustments.

THE SPEAKER: Yes, Leader of the Opposition?

MR MPUUGA: Thank you, Madam Speaker. The submission of my brother, the Minister of Finance, is well understood. It is an invitation to the presiding officer, therefore, to amend the Order Paper so that it reads what he is asking of the House. Otherwise, the record will really look jumbled up.

THE SPEAKER: I still believe that it should go to the committee. The House cannot just approve or make an amendment to that; let it go to the committee. Even if it is for one day, honourable minister, it will come back and the House approves it. It will be neater. Just lay it on Table and we send it to the committee.

MR LUGOLOOBI: Most obliged, Madam Speaker. I beg to lay on Table the motion for a resolution of Parliament to reconsider the proposal to borrow up to Units of Account (UA) 179.56 million (€216.71 million) from the African Development Fund (ADF) and UA 69.94 million (€84.41 million) from the African Development Bank (ADB) and €25.981 million from the Corporate Internationalisation Fund of Spain for refurbishment of the Kampala–Malaba Meter Gauge Railway Project.

THE SPEAKER: Actually, what the honourable minister is laying is a loan request, not a motion – that is a slip of the tongue. Honourable members, it is okay.

Now, in furtherance of Rule 155(2) of the Rules of Procedure, I refer the loan request to the Committee on National Economy and the sectoral Committee on Physical Infrastructure.

We have had issues where we refer a loan request to the Committee on National Economy and then the sectoral committee comes up and says, “No, this particular activity was done.” So, we want both of them to look at it; we are not suspending the rule on the sectoral committee. Thank you.

II. CORRIGENDUM TO THE BUDGET FOR FINANCIAL YEAR 2023/2024

THE SPEAKER: Honourable minister?

2.37

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, this corrigendum item is not yet ready for presentation to the House.

THE SPEAKER: When can we have it, honourable minister?

MR LUGOLOOBI: Madam Speaker, probably by Wednesday.

THE SPEAKER: Thank you. Honourable members – by the way, Hon. Lugoloobi was one of the best chairpersons of the Committee on Budget. He was my chairperson; that is why I give him all the respect. *(Laughter)*

III. ADDENDUM TO THE CERTIFICATE OF GENDER AND EQUITY COMPLIANCE FOR THE ANNUAL DRAFT BUDGET ESTIMATES OF REVENUE AND EXPENDITURE FOR FINANCIAL YEAR 2023/2024 WITH GENDER AND EQUITY REQUIREMENTS

THE SPEAKER: Honourable minister?

2.38

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to lay on Table the addendum to the Certificate of Gender and Equity Compliance for the annual draft budget estimates of revenue and expenditure for Financial Year 2023/2024.

THE SPEAKER: Thank you. We have received it, finally – though it was supposed to have come on the 1st of April.

Honourable members, in the Public Gallery this afternoon, we have students and teachers of Bukedea Comprehensive School – all the way from Bukedea. You are most welcome. *(Applause)* They are represented by none other than my good self, Hon. Ikojo and Hon. Patrick

Opolot. You can send me all your children to Bukedea Comprehensive School. *(Laughter)*

Yes, procedure?

MR OKUPA: Madam Speaker, on Tuesday, after I raised the matter about the quarterly reports on tax exemptions, you did direct the Ministry of Finance, Planning and Economic Development to bring and lay the reports on Table, as required by Section 77 of the Public Finance Management Act. You told them to come today - because they have defied the law for the last four quarters. They alleged that they had written to you and you said they had never written to you.

Last week, Hon. Musasizi claimed that he had been giving them to the finance committee, but I was surprised and, on Tuesday, he did not repeat that.

Madam Speaker, this is a matter of law. I have tried to look in the library, but there is nothing. Why should the Ministry of Finance, Planning and Economic Development continue defying the law?

So, procedurally, are they right to come here today without those reports regarding the tax exemptions?

THE SPEAKER: Hon. Lugoloobi, you were not in the House that day; it was Hon. Musasizi. We asked the ministry to present a report on tax exemptions. Hon. Musasizi promised that the report would be presented on Thursday. Do you have the report?

MR LUGOLOOBI: Madam Speaker, I do not have the report with me. However, I recollect that when we were laying the budget, we laid the report on tax expenditure – and I thought that covered what is being asked for.

THE SPEAKER: It was not on tax expenditure; it was tax exemptions.

MR LUGOLOOBI: Yes. Within those tax expenditures, actually, we cover issues of tax exemptions. The broader context is actually tax expenditure.

THE SPEAKER: Just for your information, honourable minister, it was not included. Maybe it was an oversight, but it was not included, honourable minister.

MR LUGOLOOBI: Would you allow me, Madam Speaker, to commit that we shall deliver this by Wednesday next week?

THE SPEAKER: Okay. Thank you. There is a procedural matter by the Leader of the Opposition.

MR MPUUGA: Thank you, Madam Speaker. Now that we are considering the tax Bills, on the 25th of April, the Rt Hon. Deputy Speaker, while presiding over the House, instructed the Minister of Energy and Mineral Development to present to Parliament a report relating to unpaid taxes on gold. The House deferred her statement because it was incomplete, inadequate and misleading.

The minister is here to ask for leave to levy taxes, yet the minister has failed to collect taxes that we granted them leave to collect.

Would it be proper, Madam Speaker, that we proceed to look for more taxes when there are taxes – money – available for which a statutory instrument issued is expiring in less than 30 days from now and the companies concerned will walk away with over Shs 600 billion worth of gold taxes?

The same companies never paid any VAT.

Madam Speaker, I am talking about export taxes of Shs 600 billion and VAT of over Shs 200 billion. Are we proceeding well by allowing the minister to start fishing around when we actually already have the big fish on a plate?

THE SPEAKER: If I may ask, who has the power to allow exemption? Who gave the exemption on gold?

MR LUGOLOOBI: Madam Speaker, the exemptions are largely granted by Parliament, using existing laws and they are contained in

separate provisions of the law; VAT, Excise Duty, Income Tax, etc.

THE SPEAKER: Honourable member, I want you to go back and read the Mining and Minerals Act, which gave the Minister of Energy and Mineral Development the powers and find out whether those powers are being misused or not.

Government Chief Whip, this morning I called the Minister of Energy and Mineral Development and told her to be in the House because this issue was going to come up; can I have the minister in the House as we proceed? Bring all the documentation with respect to the gold taxes.

2.46

MR MUHAMMAD NSEREKO (Independent, Kampala Central Division, Kampala): Thank you, Madam Speaker. Privy to rules 56 and 57 of the Rules of Procedure of the Parliament of Uganda, I would like to put this House on notice that I intend to move a motion –

THE SPEAKER: Honourable members, maybe before Hon. Muhammad Nsereko comes in, let us avoid the retrospective applications. The mistake we made in that Bill, which is now an Act, was to allow them to do retrospective applications.

MR NSEREKO: Thank you, Madam Speaker. As I have already informed the House that under rule 57, with your leave, I request to present a motion on the welfare of serving officers privy to the fact that – *(Interjections)* – of course, security officers –

THE SPEAKER: Hon. Nsereko, can we have that when going for Prime Minister's Time? I will give you space to bring your motion.

MR NSEREKO: True, Madam Speaker, but I just want to mention that –

THE SPEAKER: I am saying that – please, first sit down. I have allowed you but I am saying when it comes to Prime Minister's Time

- that is just two hours from now. Can we now go to the next item?

BILLS
SECOND READING

THE VALUE ADDED TAX (AMENDMENT)
BILL, 2023

2.48

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugolobi): Madam Speaker, I beg to move that the Bill entitled, “The Value Added Tax (Amendment) Bill, 2023” be read for the second time.

THE SPEAKER: Is the Bill seconded? Okay, it is seconded by Hon. Bahati, Hon. Kateshumbwa, Hon. Eddie Kwizera, the Prime Minister, Hon. Avur, Hon. Ongiertho and Hon. Acora, and by the whole House. Would you love to speak a little about your motion?

MR LUGOLOOBI: Madam Speaker, the objects of this Bill are:

- i. To amend the Value Added Tax, Act Cap. 349;
- ii. To expand the definition of electronic services;
- iii. To provide for a limit on input tax to activities related to output tax being accounted for and disallow input tax credits to registered foreign suppliers;
- iv. To provide for the declaration of Value Added Tax on imported services by large and registered persons and unregistered Government entities and;
- v. Provide for ZEP-RE (PTA Reinsurance Company as a listed institution and for related matters.

THE SPEAKER: Thank you very much, honourable minister. Can I have the chairperson of the committee present a report to that effect?

2.50

THE DEPUTY CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Ms Jane Pacuto): Thank you, Madam Speaker. I stand to present a report of the Committee on Finance, Planning and Economic Development on the Value Added Tax (Amendment) Bill, 2023. The Bill was sent to the committee on 30 March 2023, in accordance with rule 128.

The committee considered the Bill through consultations with different stakeholders and is now ready to report.

Madam Speaker, with your indulgence, I beg to skip the object of the Bill because the minister has ably articulated it. Likewise, I believe Members can read the methodology.

Please, allow me to go straight to 4.0.

In the process of processing these Bills, the Minister of Finance, Planning and Economic Development appeared before the committee to present the tax Bills for the Financial Year 2023/2024. The honourable minister, in his submission, informed the committee that he was withdrawing the following provisions from the Bill:

- a. Clause 2(b), which introduces an obligation for auctioneers to account for VAT on the sale of auctioned goods and;
- b. Clause 10(d)(yy), which sought to repeal the VAT exemption on the supply of all production inputs necessary for the processing of hides and skins into the finished leather products in Uganda and the supply of leather products wholly made in Uganda, but this has since been reconsidered.

Observations and recommendations

Domestic revenue mobilisation strategy

The Minister of Finance, Planning and Economic Development informed the committee that the revenue strategy for the

Financial Year 2023/2024 is to continue the implementation of the Domestic Revenue Mobilisation Strategy (DRMS) for the medium term. The DRMS contains both tax policy and tax administration reforms whose core objectives are:

- i. To mobilise sufficient revenue up to a tune of 16 to about 18 per cent of the Gross Domestic Product by the end of the Financial Year 2026/2027 and;
- ii. To provide the right incentives to support industrialisation and the development of domestic value chains.

The ministry further noted that to reach the desired target of at least 16 per cent of revenue to GDP in the medium-term, Government targets to increase revenue by at least 0.5 per cent of GDP per year. This means that for the Financial Year 2023/2024, Government will aim to increase, from Shs 25.6 trillion - which is about 13.4 per cent of GDP as projected in the Financial Year 2022/2023 - to Shs 29.3 trillion, which is about 14 per cent of GDP in the Financial Year 2023/2024. This gives additional revenue of about Shs 3.7 trillion as demonstrated in the table below.

The committee recommends that Government's domestic revenue mobilisation efforts be enhanced through widening of the tax base to cover the informal sector. The Ministry of Finance, Planning and Economic Development should step up budgetary allocation to the tax policy department and Uganda Revenue Authority to enhance efforts to build capacity that includes staffing levels, digitalisation of processes, training and research, analytical capacity in forecasting for both tax and non-tax revenues, to implement the DRMS interventions.

Clause 3: VAT charged and accounted for by non-resident producers of electronic services
The Ministry Finance, Planning and Economic Development informed the committee that the amendment is prompted by the need to tax non-resident persons such as *eBay*, *Amazon*, *Ali Express*, *Netflix*, *Facebook*, *Twitter* and *Google*, among others, who are offering

services to non-taxable persons in Uganda. We had interactions with Tax Justice Alliance Uganda and the committee observed the following:

- a. Makes a non-resident person eligible to file VAT returns for services supplied in Uganda;
- b. For the returns to be made, the non-resident should have supplied in Uganda services beyond the value of Shs 150,000,000;
- c. includes services made to a Government entity that has not registered for VAT; and
- d. Clarifies the definition of "electronic services" by specifying that these are services supplied through an online or digital network by a supplier outside Uganda to a recipient in Uganda.

The committee recommends that the proposal to charge VAT for non-resident be maintained in the Bill.

Commissioner-General's discretion to grant an offset

The Ministry of Finance, Planning and Economic Development informed the committee that the current law requires the Commissioner-General to seek the consent of the taxable person whose offset is in excess of Shs 5 million in determining whether to grant an offset or require a taxpayer to apply for a refund.

All stakeholders that we interacted with noted that the provision locks up funds that would ideally be injected back into the business for continuity. It deprives the taxpayer of the liberty to determine whether or not to carry forward the excess credit with their consent.

The committee observes that the proposed amendment would unnecessarily deprive taxpayers of liquidity in business operations.

We, therefore, recommend that this proposal be rejected; an amendment to give the Commissioner-General the discretion to grant

an offset or require a taxpayer to apply for a refund.

Exemption of adult diapers, seed cake and supply of billets

The Ministry of Finance, Planning and Economic Development informed the committee that exempting diapers under the second schedule was for medical reasons targeting the elderly. Currently, all types of diapers are exempted. The ministry added that the proposed change in the law aims to clarify that it is adult diapers that are treated as medical goods, but not all diapers.

Madam Speaker, if I may speak to this a little: as a committee, we felt that there are few categories of elderly persons that use diapers and the reason is for medical use. No adult person who is well would use diapers. Therefore, we should limit this exemption to only adults.

First, when we allow it for the babies, we are going to have many people using this, and in the end, we are going to affect the environment and yet they are non-degradable.

Secondly, -

THE SPEAKER: Honourable members, listen to the committee chairperson.

MS PACUTO: As we shall later hear from the one who will be giving us a report on the alternative view, he argues that exempting diapers only for adults or leaving them for babies, you are giving –

THE SPEAKER: Why are you speaking to his report? *(Laughter)*

MS PACUTO: I thought I would defend it at this point as well.

THE SPEAKER: No, justify yours.

MS PACUTO: Thank you, Madam Speaker, for the guidance.

The committee therefore, recommends that;

1. Only adult diapers be exempted from VAT as proposed in the Bill;
2. To amend the word “billeps” to read “billets”.

Madam Speaker, I beg to submit.

THE SPEAKER: Thank you very much, committee chairperson.

MS PACUTO: Madam Speaker, we have a minority report. With your indulgence, maybe, you could allow them to give us the minority report.

THE SPEAKER: Thank you very much, committee chairperson. I am aware that the minority report is there. Can we have Hon. Muwanga Kivumbi present the minority report?

2.59

MR MUWANGA KIVUMBI (NUP, Butambala County, Butambala): Madam Speaker, I have a minority report on only two items in the Value Added Tax (Amendment) Bill; diapers and imposition of wide and broad definition of “electronic services”.

First, let me start on diapers. I will not go through the niceties of the provisions; it will be wastage of time. We disagree with the committee for allowing imposition of tax on diapers other than adult diapers.

The committee’s finding that diapers are not biodegradable is not premised on any scientific evidence. There was no data furnished to the committee that the imposition of the tax would remedy the side effect of diapers on the environment. It defeats logic to rule that only adult diapers are treated as medical goods, but not all diapers. You are aware that young children also suffer from diarrhoea, among other things, and for medical reasons they need diapers. So, you cannot exclusively say diapers are an exclusive need for only adults.

I know that in this country, some chairpersons of some political parties, especially my friend, Hon. Ken - he is fairly old and may need a diaper. However, we leave it at that. [*Members: "Order."*] Maybe that is why you are pushing for this –

THE SPEAKER: There is a point of order from *Imat* here. (*Laughter*)

MS CECILIA OGWAL: Madam Speaker, is it in order for Hon. Muwanga Kivumbi whom I laboured to train to make excellent presentation – (*Laughter*) – to make an erroneous statement that all elderly persons use diapers or whatever it is? Is he in order when he knows very well that there are quite a number of people here who are over 60 years and are not using diapers? There are others who could be 70 years or 80 years and are not using diapers. It is also very clear that diapers are used for medical purposes.

Unless you can prove that the leaders of those parties have medical issues, then you can quote it on the Floor of Parliament. Are you in order to impute bad medical motives on people who may be quite healthy?

THE SPEAKER: Shadow Minister of Finance, the diapers we are talking about are a necessity, especially the elderly who are not well; it is not for everybody. Hon. Cecilia Ogwal here - Miss Uganda - is not on diapers; she is very okay. This is a necessity for medical purposes, not just for pleasure like the one of babies. For babies, it is for working mothers like Hon. Christine because they do not want to wash nappies. You all grew up without diapers; it was only nappies. Today, you are saying, "diapers".

MR MUWANGA KIVUMBI: Madam Speaker, I concede. Before I became the Shadow Minister of Finance, I was the Shadow Minister of Internal Affairs. One day, I had an interesting debate with one General who put me aside and said, "You, Kivumbi, are questioning people moving with these toilets, don't you know that stuff is classified?"

THE SPEAKER: I already told you that you are not in order. Leave the elders. (*Laughter*) Go straight to your point.

MR MUWANGA KIVUMBI: Let me stick to my point on diapers. (*Interjection*) What have I conceded on? Please be very careful. (*Laughter*)

First and foremost, if VAT is to be waived on diapers on medical grounds, all age brackets should qualify because all persons are susceptible to sickness, regardless of age or status in life. Some individuals might be chronically ill or disabled, but not adults, as envisaged under the amendment. The amendment does not even define who qualifies for an adult diaper. Nevertheless, favouring one category of patients against others will be unreasonable because the young and old, are all patients.

Secondly, the minister's effort-

THE SPEAKER: Honourable members, babies are not patients.

MR MUWANGA KIVUMBI: But babies fall sick.

THE SPEAKER: No. Do you know what you are talking about?

MR MUWANGA KIVUMBI: I know because I buy them; I have young children.

THE SPEAKER: We are talking about diapers used on babies, vis-à-vis elders. Finish your report.

MR MUWANGA KIVUMBI: Secondly, the minister's efforts for revenue mobilisation should be balanced with the market realities, whereby the use of diapers by all age brackets whenever required is hygienic and convenient for caregivers, including mothers. This has drastically reduced cases of infection resulting from improperly handled nappies as the case was before the emergence of diapers on the Ugandan market.

This is the modern world. We cannot continue living in medieval times. Madam Speaker, because my grandfather and grandmother used nappies, then in this day and era, we must use nappies? That is not a scientific way to modernise society. For us, this is a debate between modernisers and those who want to stay in the old age.

THE SPEAKER: It is also a debate of getting money to finance your budget, where you are going to say, tomorrow, “We have bad roads, we have no hospitals, floods in our areas, vis-à-vis the modernity you want to have.

MR MUWANGA KIVUMBI: Madam Speaker, I appreciate that but this is the House that the other day exempted prosecutors, yet now, it wants to impose tax on diapers. There is a moral question in such a setting.

Madam Speaker, let us move the modern way and encourage more people in the communities to embrace modernity rather than making diapers more expensive. The same people you tax diapers are the ones that pay “Pay As You Earn” (PAYE), are the ones who go to the market and buy goods, and pay Value Added Tax.

Madam Speaker, you are eroding away savings and causing a health hazard. If you want money, you pay tax.

Definition of “electronic media”

The amendment defines the term “electronic media” that are subject to VAT to mean services supplied through an online digital network by a supplier from a place of business outside Uganda to a recipient in Uganda including;

- i. websites, webhosting, remote maintenance of programmes and equipment;
- ii. software and updating of software;
- iii. Image, text and information;
- iv. Access to databases;

- v. Self-education packages;
- vi. Music, film games, including games of chance;
- vii. Political - this is where I have issues - political cultural, artistic, sporting, scientific, and other broadcasting and events including television;
- viii. Advertising platforms;
- ix. Stream platforms, and subscription-based services;
- x. Cab-hailing services;
- xi. Cloud storage;
- xii. Data warehousing; and
- xiii. Any other service as the minister may, by statutory instrument, determine.

This definition harbours far-reaching implications that is likely to result in political abuse, unwarranted restriction on civil liberties and a sharp decline in the use and demand for technology products and services.

The definition seems to cover even those platforms and services that are accessed free of charge online. How would you then charge someone VAT over services accessed at no cost? For instance, livestreaming on social media and other platforms, artistic work, cloud storage, citizen journalism, especially encompassing topical political issues and self-educating programme packages, among others. Additionally, there is a higher likelihood of abuse of power granted to the minister to define whatever amounts to electronic services, which squarely usurps Parliament’s legislative powers.

Madam Speaker, we do not intend in our recommendation that all items be deleted for VAT; it is only those that we question. For example, we reject parts of the definition namely; iv, v, vii, ix, xi, xiii, since they practically limit civil liberties and technological

advancement. We are saying political- what do we mean by political?

On livestreaming, Madam Speaker, if I want to livestream to someone outside, they would have paid data. I cannot livestream without having data. Therefore, you are not going to charge the other person. We fear that as we go towards the campaign, this may be used to curtail civil liberties. I rest my case.

MR KATESHUMBWA: Thank you, Madam Speaker. I want to address myself to clause 3 on the taxation of electronic services. The recommendation is to support the proposal-

THE SPEAKER: Which recommendation?

MR KATESHUMBWA: From the committee.

THE SPEAKER: We have two reports which are informative.

MR KATESHUMBWA: I seek clarification from the committee and the ministry. In the VAT Act, in the Second Schedule, we have got exempted services like the supply of educational services and medical services; these are exempted by law. If I am going to get these services electronically, for example, telemedicine, you have provided that I should pay VAT. Yet, in the same VAT Act, you have exempted it under the Second Schedule. How do you intend to deal with this?

I believe if we are to take this proposal forward, maybe at the Committee Stage, we should be able to provide an exclusion list of the services that we feel are important to be exempted so that they are not captured.

THE SPEAKER: Chairperson, first of all, I need to be helped: Isn't this what we deleted in the income tax? Isn't it inconsequential? We said we needed to do more study on what was brought by Hon. Nsereko. Isn't that the same?

MR LUGOLOOBI: Madam Speaker, then we are in the Income Tax Bill but this one is about supplies within the VAT Act. So they are quite different.

THE SPEAKER: Okay.

MR KATESHUMBWA: My second comment, Madam Speaker, is that we need to understand the tax incidence of this proposal. Tax incidence depends on the relative price elasticity of demand and supply. We are targeting eBay, Amazon and Facebook, as has been listed.

The clarification I want to seek from the minister is: how are you going to enforce this? Most of these companies are not resident here; their services are electronic. Who is going to issue the invoice and who is going to pay?

That is very important for us to determine the person on whom the ultimate burden is going to fall. If you are going to buy services online, there is a price stipulated by the supplier. He is not resident here and is not going to issue an invoice, deduct and make a return to Uganda. How do you intend to collect this tax?

That clarification would help us to appreciate how this measure will be implemented by the tax authority. Thank you.

THE SPEAKER: Can you, first, give us clarification on that – committee chairperson, minister or anybody from the Front Bench?

MR LUGOLOOBI: Madam Speaker, we need to appreciate the fact that we are experiencing a wave of technological advancements today. In fact, a number of businesses are migrating to go online. As this happens, the solutions are also being found online, including the measures for taxing various transactions.

Uganda Revenue Authority (URA), therefore, has the capacity to collect this money via online systems. We need to appreciate that fact because as businesses migrate to go online, we have to equally migrate. If we do not do that, then, we are not going to be able to raise our tax-to-GDP ratio from the current 13 per cent. We have to move in tandem with the changes in the global business systems.

3.16

MS AISHA KABANDA (NUP, Woman Representative, Butambala): Thank you, Madam Speaker. I would like to comment on two issues: the diapers, and the excessive levying of VAT on online transactions.

Diapers seem to be a matter of class - whether for adults or children. People in remote areas will not be able to utilise diapers because they cannot afford them, even when you remove taxes from them. A big part of our population lives a subsistence life.

I urge this House to either remove VAT wholly so that we encourage people to run away from the use of nappies to diapers and also save the energies of women who take a lot of time washing nappies or levy VAT on all diapers.

We just passed the Anti-Homosexuality Bill and we know for a fact that the biggest number of people that use diapers for adults are actually homosexuals. So, when you say diapers for adults, you are going to benefit, to a bigger extent, the homosexuals.

Madam Speaker, I would like to urge my colleagues to either say “no VAT on diapers wholly” or we put VAT on all diapers because it is a class good. The adults that can afford diapers use them and those who cannot afford do not use them. My mother died recently and she was using diapers, but my friend’s mother will not be able to use diapers because they cannot afford.

On the issue of the internet, we just celebrated the International Women’s Day whose theme was encouraging women to embrace technology. The biggest part of our population has not been able to appreciate the use of technology. We are just encouraging them.

We just changed our education curriculum. People are now trying to see how they can use information technology (IT). I have even seen schools that now give lectures on using information technology – because that is also livestreaming. So, you are going to levy VAT on people who are going to do livestreaming for education.

Madam Speaker, it does not serve us well when we are encouraging people to use information technology while at the same time imposing tax on them; it is self-defeating. I beg that this House throws out the two proposals given to us by the committee chairperson.

THE SPEAKER: Hon. Kateshumbwa?

MR KATESHUMBWA: Madam Speaker, when we are in this House discussing taxation, we are basically doing two things: either levying or removing taxes. We have to manage our appetite with recommendations to remove taxes.

On the issue of the diapers – my honourable colleague who is recommending that we remove VAT on all the diapers – we have not yet examined the implications of that proposal. We are struggling with our tax base.

On their recommendation on adult diapers, to me, by the time an adult wears a diaper – most of the times – it arises out of a medical situation. That is why they recommend that they be exempted. If we extend it to everybody, we are going to wipe out our tax base. Therefore, I would like to request that we consider this -

THE SPEAKER: Can we, first, find out how much would we collect from the diapers for the young children?

MR LUGOLOOBI: Madam Speaker, the figure is about Shs 2.6 billion.

THE SPEAKER: Thank you. Hon. Kateshumbwa, conclude.

MR KATESHUMBWA: Members need to appreciate that by the time we have the adults buying adult diapers, it is as a result of a medical situation. Let us keep this revenue.

In future, as we grow our manufacturing base, maybe we shall get manufacturers making these diapers here and they will help us to reduce the cost.

I beg to submit.

THE SPEAKER: *Imat Cecilia?*

3.22

MS CECILIA OGWAL (FDC, Woman Representative, Dokolo): Madam Speaker, I am sure everybody is anticipating that I will ask for a tax waiver on the adult diapers. It is true because it is well defined that it is for medical purposes. Whether we like it or not, we need to support the elderly. Therefore, Madam Speaker, I want to be on record that I support anything medical for our elderly population.

However, our responsibility - sometimes we have to speak like the preachers. Preachers do not like to speak about tithe because they know that when they talk about tithe, others will say, "You want our money." However, we have to be like preachers.

If we do not get taxes, how will we manage what we call "service delivery"? I am now speaking as somebody who has got some mathematics in my system. I am talking about the revenue side and the expenditure side. Now, if I have appetite for expenditure side and I do not have an appetite for the revenue side, how am I going to balance my accounting?

So, Madam Speaker, it is a matter of sensitisation. People are blaming Parliament for overspending but Parliament is not.

Where we are supposed to be restrained, let us be but when it comes to taxing babies' diapers, I think - we ladies have - I lived in the past and during that time we were using nappies, which we had to wash. Now you are using this; so, pay for it. We were willing to wash yours; so, you also suffer by paying for it.

I would like to conclude by saying that we must have appetite; Parliament must be strategic in raising money, in order to manage service delivery to the people. I beg to submit.

THE SPEAKER: Honourable members, let us not play to the gallery; our work is to help Government raise money to run this country. If we are going to say that we do not want these taxes; it is so-and-so who wants it - we need money.

The potholes in Kampala are too many and we cannot fix them because you have refused to do this or that; we need the money to do that. Not everybody can contribute but let those who can afford diapers help us.

Leader of the Opposition, before you come in, there is a clarification I need from Hon. Avur on digital; give me a clarification on each of them. What does it entail? How does it affect students and the population at large? How much tax are we going to collect?

MS PACUTO: Madam Speaker, I would really love to give that clarification and even go on to how much we will collect. However, right now I am not in position. I would rather request that the minister gives that clarification.

THE SPEAKER: Hon. Avur, instead of going through all this, you would now look at online marketing like what Jumia is doing, online advertising, livestreaming, Amazon, and so on but you cannot bring all this.

MR LUGOLOOBI: First, I would like to bring to the attention of the House that this is not a new provision. All we are doing is to provide further clarity on what these electronic services that we are referring to, actually cover.

Section 16 of the principal Act actually gives you the details, but which we thought were not sufficient enough. And this is why we are providing further clarity. In taxation, clarity is of the essence. For example - *(Interruption)*

MR OKUPA: Madam Speaker, the other day, when we were looking at the Income Tax Act, we exempted the items listed here and you remember you asked me and Hon. Nsereko to go and meet the Attorney-General.

After that discussion, we reported back and agreed with the Attorney-General that please, you need some time to do more research. The House then gave them time on these very issues. So, for us to proceed - I do not know whether he is procedurally right to bring back another type of tax.

THE SPEAKER: No, he says it is in the principal Act. Let him give us the information to help us make a decision on that.

MR LUGOLOOBI: Thank you, Madam Speaker, for the wise ruling. In the principal Act, we already had these provisions, as I mentioned. So, all we are doing is to provide clarity.

In fact, we are talking about providers of these services who are domiciled elsewhere. So, I do not understand why one would not appreciate the fact that these should be paying VAT.

The other day, we were talking about income tax and now we are talking about Value Added Tax; the two do have different applications.

We are now talking about Value Added Tax, including input and output taxes on the value-added. Surely, I think these should be taxed *-(Interjection)-* please allow me to make *-(Interruption)*

MR OKUPA: The good thing you and I -

THE SPEAKER: How do you determine that for a person who is outside Uganda?

MR LUGOLOOBI: They are all-over online because we are printing online. This world has become a global village. This is the transformation that I was talking about.

MR NSEREKO: Thank you, Madam Speaker. I would like to shed more light. Like the other time the honourable minister - we are talking about the implications of this tax. Yes, it had a sweeping application and the definition was vague in the principal Act but it is true VAT is passed on to you. The other ones just help Government to collect; they just factor the component with VAT inclusive. So, to be precise, you are taxing your own local person doing the advert here because *-(Interruption)*

Principally, the minister cannot shy away from saying that he is taxing these people because the burden is passed on to the consumer - because they will prescribe a price plus VAT.

The argument from this side was that all taxes on internet bundles that people use - that I pay for my bundles then access the internet for purposes of education, but I can also use it for marketing - one of the most expensive bundles in the region. Then later, after going for a package to advertise, because probably I have failed to get workspace or I want to study or store my data in a cloud somewhere for safety; I have a lot of data here - I have a data bank or I am a small start-up or I have started a website and I want my services hosted somewhere in order to be secure.

Now, I will pass it on to those big players like DigitalOcean, Amazon, and whoever it may be; they host and keep my data in that cloud. They will charge me plus VAT.

So, the impact of VAT is already known 100 per cent and its incidence is on the consumer, and these companies, wherever they are, only help you collect and pass it on to you.

When we come to legislate on taxation, the arguments are: do you want to promote more digital inclusivity or not? Do you want to promote the young people who have failed to pay rent and are trying to find their feet outside there to run their businesses online and get exposure or not? Or your sole aim here is to hunt for tax wherever it is, even if it breaks everyone so that you survive; that is the argument.

MR LUGOLOOBI: Madam Speaker, for the benefit of Hon. Nsereko, not everybody that is consuming these services is a final consumer. In fact, there are so many big companies that are consuming these services; it is not necessarily this small person consuming the service.

You need to note that this definition has been in the law, as I mentioned earlier. Digital services have hitherto been taxed. In fact, the providers of these services, whom we are already taxing today, include Amazon, eBay and others. They are complying due to issues related to reputational risks.

According to the Uganda Revenue Authority, for now, Shs 350 million is collected monthly, including others who are providing electronic services such as cab hailing, cloud storage, and data warehousing. It would not be a bad thing. You should agree with me. These products are not consumed by the ordinary people that you are referring to. There are people who have the competence to actually pay this tax and then they can transfer it because many of them are VAT registered.

MR NSEREKO: Honourable minister, the issue here is not - and that is what we were talking about - the argument against the tax. It is a deterrent to growth. Let us go slowly. Of course, Uganda Revenue Authority can afford for this VAT to be passed on to it because it will not even pay it. Do you understand what I am saying? Actually, someone else will end up paying for Uganda Revenue Authority.

The Ministry of Finance, Planning and Economic Development has its data posted somewhere and I am privy to this. It will not feel the impact, but I am saying there is this young man trying to set up a website. Setting up a website now is as simple as US \$30 but having your servers and data hosted somewhere will attract a cost. We might probably not have the full capacity to host these services.

If you want it that way, then move the threshold so that *-(Interjection)-* listen, honourable minister. If you are saying that ultimately those that are meant to bear the incident of this tax are the big players, then what of the small players? It will be discriminatory. You are talking about Shs 350 million per month, which is Shs 3.5 billion a year.

3.37

MR FREDRICK ANGURA (NRM, Tororo South County, Tororo): Thank you, Madam Speaker -

THE SPEAKER: Honourable members, Hon. Kivumbi is saying that we should remove Section (iv) of what is listed in the Principal Act. We should remove parts (v), (vii), (ix), (xi) and (xiii). The committee has suggested

others. When we remove those, we still have what was suggested and we will be good to go.

MR ANGURA: Honourable colleagues, what I want you to know is that non-concessional funding is starting to deteriorate. It is incumbent upon us, as advised by our global partners who have been supporting us, to widen our tax base. *(Applause)* We should start looking for areas that we think can generate revenue for us so that we can be able to handle the challenges of the physical deficits that we continue to experience.

On that note, for us to be able to finance our recurrent and development budgets, we need to start collecting money from these agencies that are doing business here.

In the interest of widening the tax base for which we are being blamed that we are benefitting and others are not, I hereby propose that we go to Committee Stage. Thank you.

MR NSEREKO: I can hear my brother from the NRM side proposing that by hook or crook, you should tax -

THE SPEAKER: There is a Chairperson in the House. Can you all sit? Honourable members, there is a motion on the Floor. Is it seconded? Hon. Angura, move the motion.

MR ANGURA: I hereby move a motion that we go to the Committee Stage.

THE SPEAKER: Is the motion seconded? *(Members rose)* It is seconded Hon. Hanifa, Hon. Musila, Hon. Pius, the Army officers, Hon. Acora, Hon. Linda, Hon. Musa, Hon. Maxwell and the whole House. Thank you.

Honourable members, when we are talking about taxation and you say, "We should not tax this", give me the alternative, where we should be able to get the money. I said do not come and play to the gallery.

Honourable members, I put the question that the Value Added Tax (Amendment) Bill, 2023 be read a second time.

(Question put and agreed to.)

BILLS
COMMITTEE STAGE

THE VALUE ADDED TAX (AMENDMENT)
BILL, 2023

Clause 1

THE CHAIRPERSON: I put the question that clause 1 stands as part of the Bill.

(Question put and agreed to.)

Clause 1, agreed to.

3.42

Clause 2

THE VICE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Ms Jane Pacuto): Madam Chairperson, on clause 2, we move an amendment that the clause be deleted.

The justification is that the auctioneers should not be treated as the owners of the goods they auction.

MR KIVUMBI: Madam Chairperson, in the spirit of give-and-take, we propose that we remove clauses 4, 5 and 7 -

THE SPEAKER: We have not reached there.

MS PACUTO: Madam Chairperson, clause 2 was withdrawn and on the account of withdrawal, we recommended that it should be deleted.

THE CHAIRPERSON: From the report of the minister, clauses 2 and 10 were withdrawn. Hon. Musa, when we are at Committee Stage, do not raise points of procedure. We are now doing real legislation.

MR LUGOLOOBI: Madam Chairperson, we reconsidered this matter and the position that the ministry should delete this item was actually dropped. The current position is that

we maintain what is in the Bill as is so we do not lose money in the hands of auctioneers.

THE CHAIRPERSON: Do you want to maintain the law as it is?

MR LUGOLOOBI: As it is provided in the Bill.

THE CHAIRPERSON: Hon. Muwanga Kivumbi?

MR MUWANGA KIVUMBI: Madam Chairperson, auctioneers work for someone. When an auctioneer sells, he or she passes all the money to the owner. When I auction or sell your product, I pass on all the money to you. I only get my own fee. What you are saying is that the money the auctioneer earns should be taxed *-(Interjections)-* on income tax. I am not very radical on that but we are dealing with VAT, not the income.

THE CHAIRPERSON: We are on VAT.

MR MUWANGA KIVUMBI: We are on VAT.

THE CHAIRPERSON: Yes.

MR MUWANGA KIVUMBI: So justify it because when I have passed the money to you, you will tax an auctioneer. That is why when we met - sometimes going back is different. We had a very elaborate discussion with - and he was not there.

THE CHAIRPERSON: Let him give us the justification.

MR MUWANGA KIVUMBI: He was not there and we agreed in that spirit that this was not tenable.

THE CHAIRPERSON: No, let him give us a justification.

MR MUWANGA KIVUMBI: Now, he is changing his mind from what we agreed. The Attorney-General, the Ministry of Finance, planning and Economic Development and all experts from URA were present. We agreed to delete this provision.

THE CHAIRPERSON: Let him give us a justification as to why he wants it to be maintained.

MR LUGOLOOBI: The position that was expressed at that time has been reviewed by the ministry. Since we now have the opportunity to come on this Table, we are giving our final position on this matter.

What we are talking about here -

THE CHAIRPERSON: Did you review it after realising you are not able to collect all the money you need?

MR LUGOLOOBI: After we realised there was a mistake in the decision we took at the committee. Now that we have the opportunity to legislate, we are coming to this House to indicate that these auctioneers -

Madam Speaker, there are two issues here: one, the services provided by the person auctioning the goods. Two is the goods that are being auctioned. We are talking about VAT on the two. There is no justification you would exempt an auctioneer or the goods that are being auctioned when all other people are paying VAT. It was just an omission; otherwise, they should have been taxed from day one.

THE CHAIRPERSON: Leader of the Opposition?

MR MPUUGA: Thank you. Probably, the honourable minister after revisiting his position should be very clear to this House of Parliament. I do not know whether this House has insolvency practitioners. You will know, for example, that auctioning is various.

The auctioning of a warehouse owner is different from that of an insolvent practitioner. If you are rendering a service of an insolvency practitioner, you are actually auctioning an insolvent company or individual. Do you want to give a distinction on who you want to tax? Or, can you decipher between auctioning for an insolvent, a warehouse or a merchant owner?

I do not know whether the learned Attorney-General is one of the practitioners but I know he has knowledge. Does the minister recognise the difference? Otherwise, do not legislate widely.

THE CHAIRPERSON: Yes, Hon. Kateshumbwa.

MR KATESHUMBWA: Madam Chairperson, Sections 4 and 18 of the VAT Act already put VAT on the services of the auctioneer. What we are looking at is that the goods being auctioned by the auctioneer would amount to normal - you can equate it to normal sale of goods. The question is: why wouldn't you add VAT on the goods being sold?

Madam Chairperson, I would like to support the proposal. Assuming I am selling a chair on the market and I put VAT, it brings equality in the market. Therefore, I would like to convince my colleague, Hon. Muwanga Kivumbi, that we support this proposal because it will yield some good revenue.

THE CHAIRPERSON: Attorney-General?

MR KAFUZI: Madam Chairperson, allow me just give clarity or distinction to what the Leader of the Opposition stated. He has limited the definition of auction to insolvency - (*Interjections*)- yes, and here, we are proposing to give it a wider definition and say whoever is doing an auction is a supplier and that is service offering. That is what the Bill is proposing.

It could be an auction as a result of a court order or an auction from other things - not necessarily insolvency, but any auctioneer being an auction should be considered as a supplier for purposes of this amendment.

THE CHAIRPERSON: Honourable members, clause 18 on taxable supply talks about the same thing. I put the question that clause 2 stands part of the Bill.

(Question put and agreed to.)

Clause 2, agreed to.

Clause 3

MS PACUTO: Madam Chairperson, on clause 3, we have an amendment in paragraph (b). The amendment is to delete the proposed (4) (b). The justification is for Parliament to retain the power to prescribe the rules of determining electronic services delivered to a person in Uganda

THE CHAIRPERSON: Hon. Muwanga Kivumbi?

MR MUWANGA KIVUMBI: Madam Chairperson, on clause 3, we move that we delete subsections (4), (5), (7) and (8) –which effectively -

THE CHAIRPERSON: Hon. Muwanga Kivumbi, you moved ahead. The committee wants to remove (4)(b), where they say, “*The minister may by statutory instrument prescribe the rules of determining that the electronic services delivered to a person in Uganda*”. You are giving too much power to the minister – that is 4 (b).

MR MUWANGA KIVUMBI: Yes, that is 4 (b) in the Bill. We have no objection, Madam Chairperson.

THE CHAIRPERSON: Are you in agreement with the committee’s decision?

MR MUWANGA KIVUMBI: We are in agreement with the committee’s position. Madam Chairperson, the danger we have on these exemptions is that the ministers do as they wish and come here with post-mortem reports. The power to exempt solely lies with the Parliament and we must call back and retain this power. *(Applause)*

THE CHAIRPERSON: Honourable minister, are you in agreement with the committee’s position?

MR LUGOLOOBI: No, we are not in agreement with the proposal that we should delete this –because the committee is saying that we should delete it. Here, we are talking about

statutory instruments. Ordinarily, ministers are the ones that issue statutory instruments; that has been the practice – yes, delegated by Parliament. You have continuously delegated ministers to do so, within the ambits of the law. Here, we are talking about rules, which are largely administrative functions -

THE CHAIRPERSON: Can we, first, determine who has the powers?

MR LUGOLOOBI: We recognise, Madam Chairperson, that it is the House that has the powers -

THE CHAIRPERSON: Then, we shall delegate the minister.

MR LUGOLOOBI: You delegate us – and we are here to request to be delegated those powers. *(Laughter)*

MR MUWANGA KIVUMBI: Madam Chairperson, you spoke earlier that we need to limit where we lose revenue; these exemptions are where we have lost revenue. My side has been on record, saying exemptions are haemorrhaging this country. Ministers have issued these exemptions one after the other and brought here post-mortem reports. We want to recall those powers.

THE CHAIRPERSON: Are you in agreement with the committee?

MR KAFUZI: Madam Chairperson, there was an earlier harmonisation and we agreed with the committee’s position that subclause 4(b) be deleted.

THE CHAIRPERSON: Thank you. That is okay. I put the question that the committee’s proposal be adopted by this House.

(Question put and agreed to.)

THE CHAIRPERSON: Let us now go to the part of 3(c) by Hon. Muwanga Kivumbi.

MR MUWANGA KIVUMBI: Madam Chairperson, our proposal is that subsections (iv), (v), (vii) and -

THE CHAIRPERSON: Subsections (iv), (v) and (vii).

MR MUWANGA KIVUMBI: And (xiii) – “any other service as the minister may, by statutory instrument, determine.”

This one gives a wide range of powers to the minister. We are saying this one is still parliamentary -

THE CHAIRPERSON: Because we have already deleted it.

MR MUWANGA KIVUMBI: Yes.

THE CHAIRPERSON: The subsection (xiii) you are talking about is not about the powers. It is what will be determined as taxable.

MR NSEREKO: Madam Chairperson, for the entire country to be part of the legislation we are doing – to be precise, the proposal by the Ministry of Finance, Planning and Economic Development is to levy VAT on self-education packages. We are saying, no, it will hinder education. Okay? That is subsection (v) – so that you are in tandem with what we want to delete. This House proposes that it will be a hindrance to education and research.

The other one is about political, cultural, artistic, sporting, scientific and other broadcasts and events. Science is integral and that is one of the reasons we even increased the remuneration of our science teachers. Therefore, access to data for scientific knowledge is integral and important.

For the rest, we can go on and say we can accommodate for now. However, for hosting services, even for websites that are education-related, we should be hard and say no. There is a limit in subclause (i) where we have websites, web-hosting or remote maintenance of programmes and equipment.

However, those ones made for educational purposes should be excluded for our young people to access information and also for us to boost education.

THE CHAIRPERSON: Thank you. Hon. Kateshumbwa?

MR KATESHUMBWA: Madam Chairperson, first of all, there is an international moratorium against the taxation of software and intangibles. Many years back, when I was a tax officer, a lot of software would arrive through normal importation, but this no longer takes place because people are now using Cloud. Technology knows no borders and we are losing a lot of revenue.

I implore the honourable colleagues that this is a provision that we should support. This is because, locally, the people who are providing these services electronically are already paying. So, let us support this proposal. The only concern that I would raise would be on administration.

However, there is a lot of money that we are collecting from here and we should allow it, given the fact that we are already losing revenue. There is a lot of IPR protection. We are not developing our own technology; we are consumers of technology and the people who are selling to us this technology are getting away with taxation. So, we should allow this provision; it is a big revenue measure that can actually benefit us.

THE CHAIRPERSON: Honourable minister, are self-education packages part of education services?

MR LUGOLOOBI: Madam Chairperson, self-education packages are part of education. However, I think the argument -

THE CHAIRPERSON: Now, if they are part of education - when you look at the Second Schedule – exempt supplies – it is exempted, meaning that you should get it out. Yes.

MR KATESHUMBWA: Madam Chairperson, this is why I was proposing a middle ground that we look at the Second Schedule, where we have specific services that are exempted such as education and medical, and provide an exclusion or remove it.

Therefore, I propose that we remove education and anything to do with medical, but allow the rest – [Mr Nsereko: “Clarification.”]-

THE CHAIRPERSON: Let us have respect. When one person is speaking, the other should wait. Honourable members, we are going to remove what is on the exempt supplies. We must reconcile what is here and what is on the exempt supplies – that should not be taxable.

Hon. Karim?

MR MASABA: Thank you, Madam Chairperson. When you look at what they are proposing, things such as advertisements are still being exempted -

THE CHAIRPERSON: It is on the exempt. Let us reconcile these on the exempt.

Yes, honourable minister?

MR LUGOLOOBI: Madam Chairperson, I want to submit as follows: whereas we have that exemption already provided for in the second Schedule, we must be akin to the fact that education - if you look at our budget, this human capital development is actually the biggest consumer in our budget.

When we choose to tax something very small within the sector, we are getting the sector to contribute to our tax base. We have provided a wide range of exemptions for the Education sector.

THE CHAIRPERSON: Honourable minister, you did not bring an amendment to the second schedule. You cannot amend things piecemeal. You have not amended the second schedule, which talks about education, health and microfinance. How are you going to amend one part yet you are not amending the schedule?

MR NSEREKO: Madam Chairperson, there is something on software update – (*Interjections*) - I am going to tell you. You are legislating things you may regret. How many times do you have software updates on your phone alone?

MR LUGOLOOBI: On a give-and-take basis, we can concede on education and allow the rest.

THE CHAIRPERSON: Thank you. Let me hear from the shadow minister on what he has conceded before you come in with yours. The beauty of being a shadow minister is that you have all the powers. (*Laughter*)

MR MUWANGA KIVUMBI: Madam Chairperson, I think we agreed. If we do away with parts (iv),(v),(vii) –

THE CHAIRPERSON: Let us go one by one.

MR MUWANGA KIVUMBI: Let us go one by one, because some people may say “no”.

Part (iv) is on accessing data services.

THE CHAIRPERSON: We are done with part (v).

MR MUWANGA KIVUMBI: Part (vii) is where it is very ambiguous and I do not know who has interests. It is where it states, “*Political, cultural, artistic, sporting, scientific...*” It has been in the law, and we know it. However, the question is - for long there was a very unfair law until I went to court to challenge it. Now that we know it can be abused by all civic liberty, explain to me what you mean by “political.” Let us not go for ambiguous legislation.

We need clarity. You brought this law for purposes of clarity. You are saying, “*Political, cultural, artistic, sporting, scientific...*” That is too general a provision to carry and can be subject - and on a bad day, it can hurt you and me and you never know when and why. Therefore, the good thing is to delete it.

The other one –

THE CHAIRPERSON: Honourable member, it has been in the law. Has it hurt anybody in any way? We need to understand that.

MR MUWANGA KIVUMBI: Madam Chairperson, there are very many laws that you

and I have over time challenged - we find them in the book.

THE CHAIRPERSON: Do you want us to remove this?

MR MUWANGA KIVUMBI: Once we detect an absurdity, it is the duty of this House to remove it. So, the fact that it is in the law, there is an absurdity and on a bad day, it can be abused. So, having detected it and can be abused someday - not only for me –

THE CHAIRPERSON: Can we look at these aspects one by one? You cannot say no, to sports; you are not going to –

MR MUWANGA KIVUMBI: Let us remove “political”, “cultural” and “religious” and leave the rest.

MS NAKUT: Madam Chairperson, we cannot remove “cultural” because then it will open for all products of all cultures in the world to come and sell cheaply. This VAT is a consumptive tax. You consume advertising services of other cultures and you do not expect us to charge you? Let us not remove it. Even “political” should stay.

MR KATESHUMBWA: Madam Chairperson, with due respect to my friend, I think we are just still worried about the word “political.” However, when you look at this measure, you will notice that the danger of removing it is that it will lose a lot of revenue from broadcasters on cultural, artistic and political events online –(*Interjections*) - no, there are services you are going to consume here, and what we are saying is that someone who provides these services electronically, and they are non-residents, we should charge them VAT. I do not see any problem with it.

The residents are already subject to tax when they provide these services online. We are trying to actually equalise it because here, we are targeting on-residents.

THE CHAIRPERSON: The problem is that everybody wants to speak on this. When Hon.

Kateshumbwa, who is an authority on tax collection –

MR BAHATI: Madam Chairperson, we need to read this proposal in context. When you look at what we are proposing in (a), you will notice that it says: “Electronic services means services supplied through an online or digital network by a supplier from a place of business outside Uganda to a recipient in Uganda, including political, cultural, sporting, scientific and other broadcasts and events, including television.”

Therefore, it is important that we widen the base of its definition because actually, most of the services are political, cultural and sporting. If we are really talking about revenue generation, then this is the best definition we can have. I propose that at this time – (*Interruption*)

DR BATUWA: Thank you, Madam Speaker. The issue on the Table for clarification is: there is a web service provider we all know – Facebook - who has been offering a service to Uganda. Uganda used its technology to block him, but I know there are Ugandans who are still accessing it.

When we bring up these taxes and Ugandans pay for these products expensively to these service providers yet the service providers are expected to remit a tax - one of them who was blocked using our technology still provides that service; aren't we just going to lose some of this money? I am looking at compliance.

THE CHAIRPERSON: Honourable members, I am going to put the question to these, one by one. On website?

(Question put and agreed to.)

Software and update of software, agreed to.

Image, text and information, agreed to.

Access to data, agreed to.

Self-education, negatived.

Music, films and games including games for chances, agreed to.

Political, cultural and artistic, agreed to.

Advertising platforms, agreed to.

Livestreaming platforms, agreed to.

Cab-hailing, agreed to.

Cloud storage, agreed to.

Hardware data, agreed to.

THE CHAIRPERSON: I put the question that clause 3 be amended as proposed.

(Question put and agreed to.)

Clause 3, as amended, agreed to.

Clause 4

THE CHAIRPERSON: Hon. Nsereko, if you have a challenge, you can - Clause 4 has no amendment. I put the question that clause 4 stands part of the Bill.

(Question put and agreed to.)

Clause 4, agreed to.

Clause 5

MS PACUTO: Clause 5: Amendment of Section 31(a) of the Principal Act. The committee is making an amendment to delete clause 5.

The justification is that the returns are already being filed under the current section.

THE CHAIRPERSON: Hon. Kivumbi?

MR MUWANGA KIVUMBI: I concede.

THE CHAIRPERSON: Honourable minister?

MR LUGOLOOBI: Madam Chairperson, the mover is actually not conceding.

THE CHAIRPERSON: Pardon?

MR LUGOLOOBI: We are not conceding on this matter.

THE CHAIRPERSON: Hon. Kivumbi, are you listening? He does not concede.

MR MUWANGA KIVUMBI: On the matter of procedure, I think the honourable minister needs to come clean on where we are conceding and agreeing with the committee. These were consensus-building processes strenuously built over four days with the Executive, the Attorney- General and the committee.

Now, for Hon. Lugoloobi, who was not even present, to come here and say, "I have a different view", I find it extraordinarily unusual.

THE CHAIRPERSON: Honourable minister, in clause 5, the committee is in agreement. What is your position? Attorney-General?

MR KAFUZI: Madam Chairperson, following our earlier harmonisation with the committee, our office and the ministry, we concede to the deletion.

THE CHAIRPERSON: Thank you. I put the question that clause 5 be deleted as proposed.

(Question put and agreed to.)

Clause 5, deleted.

THE CHAIRPERSON: *Hajjat*, I am surprised that you are the one shouting "no".

MSAISHAKABANDA: Madam Chairperson, it is because –

THE CHAIRPERSON: We missed you. Welcome back.

MS AISHA KABANDA: Thank you, Madam Chairperson. There are issues for recommittal. When do we bring them to your attention?

THE CHAIRPERSON: We can do it in the next financial year. Clause 6.

MS PACUTO: Madam Chairperson, we are moving for an amendment for deletion of clause 6.

The justification is to retain the consent of the taxpayer to apply their refunds to other tax liabilities.

THE CHAIRPERSON: Clause 6, Hon. Kivumbi?

MR MUWANGA KIVUMBI: We concede.

THE CHAIRPERSON: Honourable minister?

MR LUGOLOOBI: We concede.

THE CHAIRPERSON: I put the question that clause 6 be deleted as proposed.

(Question put and agreed to.)

Clause 6, deleted.

Clause 7, agreed to.

Clause 8, agreed to.

Clause 9, agreed to.

Clause 10

MR KIVUMBI: Amendment.

MS PACUTO: Madam Chairperson, clause 10 is amended –

- a. In paragraph (a) by substituting for the words “subparagraph (p)” the words “subparagraph “q”;
- b. In paragraph “c” by substituting for the word “billeps” the word “billets”.

MR KIVUMBI: Madam Chairperson, we have no problem with the word, but we have an amendment on the diapers. Our amendment is that clause 10(a) be deleted. The effect of it is that all diapers should be exempted.

THE CHAIRPERSON: That is –

MS PACUTO: Madam Chairperson, I had not finished with the amendments. There is amendment (c), which is in paragraph (d) by deleting (yy).

The justification to these amendments is:

- a) To provide the correct reference and correct spelling of the word “billets”; and
- b) To reinstate the exemption on VAT for the supply of production inputs for hides and skins.

MR KATESHUMBWA: Madam Chairperson, on part b,q(a), the supply of animal feeds premixes concentrates and seed cake; I want to propose the definition to be clearer to say, “supply of animal feeds, including mixed components of animal feeds” to make sure that we protect our farmers when they are purchasing components of animal feeds before mixing so that we do not have a crisis like we had last time – unmixed components of animal feeds.

THE CHAIRPERSON: Hon. Kivumbi, it is just a definition.

MR MUWANGA KIVUMBI: I do not know whether we have any issue with it.

THE CHAIRPERSON: Committee chairperson, are you okay with that?

MS PACUTO: Madam Chairperson, I concede.

THE CHAIRPERSON: What is this in subclause (e); deleting the word “cassava”.

MR LUGOLOOBI: The principal Act had included “cassava.”

THE CHAIRPERSON: Honourable minister?

MR LUGOLOOBI: I am just trying to get the principal Act to get what it comprises.

THE CHAIRPERSON: We have seen it, so it is okay.

MR LUGOLOOBI: Yes, but since a question has been raised on the Floor, this provision was referring to the supply of liquefied gas and denatured fuel ethanol from cassava.

THE CHAIRPERSON: So, we are now moving from cassava. Is it general?

MR LUGOLOOBI: Yes, but that is a proposal.

THE CHAIRPERSON: Honourable members, there is an amendment on diapers -

MR MUWANGA KIVUMBI: Madam Chairperson, clause 10(a) is where exemptions are being sought on adult diapers.

THE CHAIRPERSON: He was explaining something different. I am coming back to it.

MR MUWANGA KIVUMBI: Madam Chairperson, I am hesitant to follow Hon. Lugolobi because he will drag us back, since he did not attend the other meeting where we spent a lot of time -

THE CHAIRPERSON: Honourable members, the issue under contention is diapers; we have not voted on it. He is saying that we should exempt all diapers. This side is saying that we should only exempt the elderly - the Nserekos. Are you the only Nsereko?

MR NSEREKO: Yes, here, I am the only one.

THE CHAIRPERSON: Not here. I mean the Nserekos outside, not you.

MR NSEREKO: Maybe, we can say the Lugolobis want to exempt themselves, but we are saying, "No". *(Laughter)*

THE CHAIRPERSON: Honourable members, let us get clarification from an elder.

MR MPUUGA: Thank you, Madam Chairperson. I vividly listened to the minister make a submission. The danger is that the

proposals are brought here without studies and reports. The minister said that they anticipate raising a paltry Shs 2 billion across the financial year.

THE CHAIRPERSON: Shs 2.6 billion.

MR MPUUGA: Yes, Shs 2.6 billion, but he is not even mentioning the transaction cost of collecting Shs 2.6 billion. You could find that the transaction cost is actually twice. Do you have the entire cost outlay of collecting Shs 2.6 billion against what you will spend on the health of children that will be affected by poor disposal and handling without these diapers? It is Shs 2.6 billion against public health spending?

Unless you have other information that we do not have here, give us a juxtaposition of the anticipation of revenue against social and health costs - the cost of administration of this tax?

MS PACUTO: Thank you, Leader of the Opposition. The information I would like to provide is that with VAT -

THE CHAIRPERSON: Honourable members, listen to the information being given. I know all of you are very active. I can see Hon. Kirabo; these are people who fear to buy diapers.

MS KIRABO: Madam Chairperson, no.

THE CHAIRPERSON: *Hajjat*, I know you do not, but Hon. Kirabo fears.

MS KIRABO: Madam Chairperson, no. These adult diapers could be a result of homosexuals. If we do not tax them, we are going to promote homosexuality. *(Applause)*

MS PACUTO: Thank you, Madam Chairperson.

THE CHAIRPERSON: Honourable members, listen.

MS PACUTO: The one who collects the

revenue on VAT simply remits and there is no question of administrative costs on it.

Two, when we were debating this Bill, we agreed that when a homosexual graduates to the level where he or she has to use diapers, then it is a medical issue. Therefore, he or she should be treated as an adult.

MR AFIDRA: Madam Chairperson, the information I want to give to-

MR MPUUGA: I have not given you space for information. Wait. Madam Chairperson, let us understand each other. We would like to see the Government collect as much revenue as feasible, but we also do not want Government to perform rituals as an attempt to collect taxes.

There is not a single tax anywhere without costs of administration or otherwise; be it consumption or otherwise. Every tax has a cost, unless I probably went to the wrong school of economics. We need to appreciate that this fishing expedition will result in other costs not mentioned here. This is a tax on mothers moreover we have not even offered mother kits yet we are adding another tax on them.

Honourable minister, you have a lot to tax. The Speaker ordered the Minister of Energy and Mineral Development to come and offer a position on gold because there is a lot of gold tax. Leave the diapers – Shs 2 billion. Go for the gold. You are skirting around where the real money is. This should be dropped.

THE CHAIRPERSON: Honourable members, we are talking about diapers. We are going to get a report on gold and that report -

MS OBIGAH: Thank you, Madam Chairperson. I would like to inform the House that in the previous years, the African men were very fertile, but because we have decided to put our boy child in diapers, it is the reason for infertility. Therefore, it must come with a cost. You have to pay for it - I seek protection, Madam Speaker.

THE CHAIRPERSON: Honourable members, can all of you sit down? We are here

to look for money and wherever we can get any little money - when the salary of Members of Parliament delays, Hon. Nsereko can even box me at the steps. He is my best friend, but he would be the first to attack me.

Honourable members, let us look for all the little money we can get. I wish you could all sit. We cannot tax diapers for the elderly because they are a necessity. Some of them wear diapers because of either age or sickness. Therefore, due to the kind of life they go through, we cannot do that. I would like to put the question.

MR KATESHUMBWA: Before you put the question, Madam Chairperson -

THE CHAIRPERSON: Hon. Kivumbi -

MR NSEREKO: Madam Chairperson, how will we differentiate the sizes? There are some elderly people who, when they age, shrink and wear diapers fit for kids. If we are to tax, let us tax everyone.

THE CHAIRPERSON: Hon. Kivumbi, there is clarification being made. Honourable members, let us tax all the diapers. *(Applause)*

MR NSEREKO: Madam Chairperson, I move a motion that the question be put in lieu that we tax everyone if we are to consider the tax and not exempt the elderly.

THE CHAIRPERSON: Those in favour say “Aye” and to the contrary “Nay”.

(Question put and agreed to.)

THE CHAIRPERSON: We are going to tax everybody. *(Applause)*

MR KATESHUMBWA: Madam Chairperson, we have moved from that. I want to clarify the definition of q(a) just to ease tax administration. I would like to clarify it to read: “*q(a) the supply of animal feeds and mixed components such as egg shells, feeds additives, wheat bran, maize bran, premixes, concentrates and seed cake.*” This is to make it clear so that it is not abused.

THE CHAIRPERSON: Are you okay with it?

MR MUWANGA KIVUMBI: I have no objection.

THE CHAIRPERSON: I put the question to Hon. Kateshumbwa's amendment.

(Question put and agreed to.)

MR LUGOLOOBI: Madam Chairperson, the committee chairperson had proposed the deletion of item (d), but in the harmonisation meeting, we agreed to retain it.

THE CHAIRPERSON: Yes, we are okay with it.

MR LUGOLOOBI: She moved to delete it.

THE CHAIRPERSON: No, she did not.

MR LUGOLOOBI: I am referring to item (d).

THE CHAIRPERSON: We are in agreement - that we retain.

MR LUGOLOOBI: Thank you.

THE CHAIRPERSON: Thank you. I put the question that clause 10, as amended, stands part of the Bill.

(Question put and agreed to.)

Clause 10, as amended, agreed to.

The Title, agreed to.

MOTION FOR THE HOUSE TO RESUME

4.36

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): I move the motion that the House do resume and the Committee of the whole House reports thereto.

THE CHAIRPERSON: 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

4.37

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to report that the Committee of the whole House has considered the Value Added Tax (Amendment) Bill, 2023 and made several amendments in clauses 2, 3, 5, 6, 10 – and other clauses.

THE SPEAKER: Thank you.

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

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

(Question put and agreed to.)

Report adopted.

BILLS THIRD READING

THE VALUE-ADDED TAX (AMENDMENT) BILL, 2023

THE SPEAKER: Honourable minister? Honourable members, if we want jokes, let us have them outside the House.

4.39

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to move that The Value Added Tax (Amendment) Bill, 2023 be read for the third time and do pass.

THE SPEAKER: I put the question that “The Value Added Tax (Amendment) Bill, 2023” be read the third time and do pass.

(Question put and agreed to.)

A BILL FOR AN ACT ENTITLED, “THE VALUE ADDED TAX (AMENDMENT) ACT, 2023”

THE SPEAKER: Bill passed and title settled. *(Applause)*

BILLS
SECOND READING

THE EXCISE DUTY (AMENDMENT)
BILL, 2023

THE SPEAKER: Honourable minister?

4.40

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to move that the Bill entitled, “The Excise Duty (Amendment) Bill, 2023” be read for the second time.

THE SPEAKER: Is the motion seconded? *(Members rose)* It is seconded by Hon. O.O. Hajat, Hon. Hanifa, the Attorney-General, Hon. Chemonges, Hon. Olanya, Hon. Itungo, Hon. Koluo, Hon. Akello Lucy of Amuru, Hon. Ebwalu – by the whole House. Can you speak to your motion?

MR LUGOLOOBI: Madam Speaker, “The Excise Duty (Amendment) Bill, 2023” has the object of amending the Excise Duty Act, 2014: to provide for the definition of “fruit juice”, “un-denatured spirits” and “vegetable juice”; to provide for the amendment of Schedule 2 to the Act, and; for related matters. I beg to move.

THE SPEAKER: Chairperson of the committee, let us go direct to what the issue is and then come to the dissenting opinion on this side.

4.42

THE VICE-CHAIRPERSON COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Ms Jane Pacuto): Thank you, Madam Speaker. I will, straightaway, go to 4.0

Observations and recommendations:

The committee made the following observations and recommendations on the Excise Duty (Amendment) Bill, 2023 based on the stakeholders’ views:

4.1 (3) The amendment of schedule two to the principal Act to reduce excise duty on alcoholic or non-alcoholic beverages locally produced other than a beverage made out of fermented sugary tea solution with a combination of yeast and bacteria.

The committee, however, observed that there is a need to protect existing local producers utilising local materials.

Resultantly, it was proposed that the reduction in excise duty for opaque beer should instead be extended only to producers of alcoholic or non-alcoholic beverages locally produced other than a beverage made out of fermented sugary solution with a combination of yeast and bacteria, commonly known as “Kombucha.”

The committee recommends as follows;

- i. Excise duty on opaque beer be maintained as it is in principal Act; and
- ii. Excise duty on alcoholic or non-alcoholic beverages locally produced other than a beverage made out of fermented sugary tea solution with a combination of yeast and bacteria be set at 12 per cent or Shs 250 per litre, whichever is higher.

4.2 Construction materials of a manufacturer whose investment capital is \$50 million

The Ministry of Finance, Planning and Economic Development proposed to the committee that the principal Act be amended to

provide for intent for incentives under domestic laws available for both citizens and foreign investors whose capital investment is \$5 million and \$35 million for locals respectively.

The committee welcomed this proposal, further noting that the amendment should elaborate the various incentives to include those accorded to a partnership of a citizen and a foreigner where the citizen has the majority shareholding.

The committee recommends that clause 3, amending schedule two of the principal Act be amended to include a partnership of a citizen and a foreigner, where the citizen has the majority shareholding

4.3 Introduction of excise duty on banking and financial services

Madam Speaker, the committee observed that the purpose of the proposed amendment is to introduce excise duty on services and products of service providers that use advanced digital and online technologies in the provision of banking and financial services.

The committee recommends that the principal Act be amended to include excise duty on the withdrawal of cash through financial technology services provided through digital and online technologies at a rate of 0.5 per cent of the value of the transaction.

4.4 Mineral water, bottled water and others purposely for drinking

The Ministry of Finance, Planning and Economic Development proposed that excise duty on mineral water, bottled water and others purposely for drinking be charged a 10 per cent or Shs 75 per litre, whichever is higher.

The committee observed that there is a need to introduce a specific rate per litre of production on mineral water, bottled water and other water for drinking purposes to create uniformity for the industry.

Recommendation:

The committee recommends the proposal to introduce an ad valorem rate of Shs 75 per litre on mineral water, bottled water, and other purposely for drinking be maintained. I beg to submit.

THE SPEAKER: Thank you, so much. Before you take up your seat, can you give me more clarity on 4.3? How did it smuggle itself into the committee? Did you interact with the stakeholders?

And which stakeholders did you interact with?

MS PACUTO: Madam Speaker, on 4.3 -

THE SPEAKER: That is on transactional taxation, meaning that if you went to bank money, you are taxed. Recall you are talking to a former banker.

MS PACUTO: Madam Speaker, I have a submission that was made by the Minister of State for Finance, honourable -

THE SPEAKER: Did you interact with the regulators; the Bank of Uganda, and the Uganda Bankers Association?

MS PACUTO: No.

THE SPEAKER: So, can you delete it? Do not smuggle in things anyhow.

MS PACUTO: Madam Speaker, I was guided because we did not interact with -

THE SPEAKER: You delete it; it is not anything for discussion. Please delete it. Next time, do not smuggle items onto your reports. And I am going to investigate this. Anything that has not gone through Parliament and through the Speaker's office; we will investigate it.

4.49

MR MUHAMMAD MUWANGA KIVUMBI (NUP, Butambala County, Butambala): Madam Speaker, we have a dissenting opinion on two issues. One is tricky for me.

THE SPEAKER: Honourable members, listen! What is your area of dissent?

MR MUWANGA KIVUMBI: It is on the 70 per cent levy on mineral water and bottled water, and the other one is on the imposition of excise duty at different rates on undenatured spirits made from locally produced raw materials.

THE SPEAKER: Hajji, what have you said?

MR MUWANGA KIVUMBI: No, I am the Shadow Minister of Finance.

THE SPEAKER: No, I am just saying, “Hajji.”

MR MUWANGA KIVUMBI: I have a differing opinion on the imposition of excise duty, at different rates, on undenatured spirits made from locally produced raw materials. I am very specific and I am doing this not as the Hajji but as the Shadow Minister for Finance; it is my unenviable duty.

Madam Speaker, our position on the imposition of one - the Ministry of Finance, Planning and Economic Development proposed a specific levy or duty on mineral water, bottled and other water purposely for drinking at a rate of Shs 75 per litre, whichever is higher.

Currently, a duty of 10 per cent is imposed on mineral water, bottled and other water purposely for drinking as provided for under subsection 2(i), item 56 of the Excise Duties Act.

The ministry submitted that the proposal was geared at creating harmony within the sector, as it was observed that some industry players were declaring below the industry ex-factory prices for their stock-keeping units, and thus, creating specific rates per litre would solve the problem and giving a level playing ground to all. The committee agreed with the position and imposed a duty of Shs 75.

We, however, vehemently disagree with the committee on its finding and imposition of this duty since there are other ways in the

Tax Procedures Code Act through which the Uganda Revenue Authority would have ensured that the duty is paid equitably.

In any case, the ministry did not supply sufficient information on how the provision of the law was being abused by the non-complying taxpayers; it is a question of capacity building.

Secondly, and most importantly certainly, the change in the rate is going to lead to an increase in the price of drinking water, which is a necessity. This will reverse the effort to increase access to safe, clean and affordable water. We, therefore, propose that this be rejected and deleted.

Honourable colleagues, those who want to impose and raise revenue should impose it on soda and spirits which are a luxury for the rich, but not this one that goes to the heart of the poorest of the poor. We are proposing that if Government wants, it can move to impose an extra levy on soda; but this one is a luxury. This is a necessity. Our view is that it will lead to an increase in the price of mineral water.

Madam Speaker, the other one where I am duty bound - and I know being “our wife” you are extremely uncomfortable –

THE SPEAKER: I am a Hajati, I do not talk about those things. *(Laughter)*

MR KIVUMBI: But Hon. Mpuuga gave me this duty to speak and also some of our voters are in this business.

Clause 3 of the Bill imposes a duty of 60 per cent or Shs 1,500 per litre, whichever is higher, undenatured spirits of an alcoholic strength by a volume of 80 per cent or more made from locally produced raw material.

The same clause imposes a duty at a rate of 80 per cent or Shs 1,700 per litre, whichever is higher, on undenatured spirits that are locally produced of an alcoholic strength by volume of less than 80 per cent.

Madam Speaker, let me speak. The highly concentrated drinks are for the purposes of

industry; you buy them and go and dilute it. It is a high concentrate. There is not anywhere in the market - I have been explained to - where you go and buy spirits -

THE SPEAKER: Hajji, he is asking if you are speaking from experience. *(Laughter)*

MR KIVUMBI: I know my chairman is very uncomfortable with me going into these areas. Let me stick to the letter in order not to have a clash with my faith -

THE SPEAKER: Wind up.

MR KIVUMBI: As I wind up, our view is simple. The schedule is very simple. They have gone for the same rate for the imported; 100 to 100. When you go to denatured spirits that are locally manufactured, the ratio is 60:150. When you go to imports, it is 100 per cent or Shs 2,500. When you go to the locally produced, for 80 per cent, it is Shs 170 and for 100 per cent it is Shs 120, and Nil for the COVID-19 alcohol sanitiser, which we believe is okay.

We are only saying that since you have gone for 100 in 250, go for the same rate; go for 60 per cent to Shs 1,000, as simple as that, so that our local people who are involved in this lower chain are not disadvantaged. That is the case we are making.

MS PACUTO: Thank you, Madam Speaker. I do not agree with the argument being advanced by Hon. Kivumbi that when we increase Shs 75 on a litre of bottled or mineral water, we will necessarily increase the price. When someone produces a good, his intention could be to maximise sales and not necessarily profits.

Secondly, we are grappling with ensuring that every community in Uganda gets clean and safe water. The only way we can do that is to raise revenue so that we can drill more boreholes and extend water lines through the Ministry of Water and Environment or the National Water and Sewerage Corporation - Madam Speaker, protect me. They listened to Hon. Kivumbi, so let them also listen to me.

Additionally, when you go to the rural areas of Uganda, be it at a funeral or a party, the number of people who consume bottled or mineral water are almost zero; they segregate them. In some cases, they only partake of the packed water in "Buveras" not even the bottled water. Even in the rural areas of Butambala; what we are trying to do is to raise revenue so that we can increase access to clean and safe water, not just bottled water -

THE SPEAKER: Honourable members, have we started talking about water? Water is life. Hon. Jacob Oboth, do you have anything to say?

The mineral water as of now is at 10 per cent. In the Financial Year 2020/2021, it was 10 per cent; in the Financial Year 2021/2022, it remained at 10 per cent and we want it to remain the same, not so?

4.59

THE MINISTER OF STATE FOR DEFENCE AND VETERAN AFFAIRS (DEFENCE) (Mr Jacob Oboth): Madam Speaker, the narrative that is before us by my good friend, Hon. Muwanga Kivumbi, whom I have known for long - this being a proposal from the Government side and with your guidance that water is life, I do not know who would say "no" to the aspect that water is life. A human being is 60 per cent water, so we all need water. Let the minister come up with the appropriate response to this matter.

THE SPEAKER: Thank you. Honourable minister, why the change from 10 per cent?

MR LUGOOLOBI: It has been observed that the existing tax of 10 per cent on mineral water, which we are proposing, should still remain applicable - there has been a problem with the number of companies that are producing water. Some of them declare a price that is appropriate while others under declare the price. Therefore, the application of the 10 per cent becomes a big challenge, especially for those that under declare the price.

To cure that problem the committee is proposing an amendment of retaining the 10 per cent or Shs 75 per litre, whichever is higher, so that if you under declare, then the Shs 75 becomes applicable. The likes of Rwenzori Mineral Water and Wavah Water Ltd who declare the right prices will pay 10 per cent. It is just to cure that problem that has been in the market. It is aimed at causing fairness among the players. Otherwise, these companies that under declare were becoming a problem for the companies that were proving to be genuine.

5.02

MR IDDI ISABIRYE (NRM, Bunya County South, Mayuge): Thank you, Madam Speaker. I appreciate the spirit in which the Government wants to raise money to run the country.

However, let us talk about affordability because water is a necessity and any tax introduced on water – what is going to happen is that some companies are going to take advantage of this. Instead, we should legislate on reducing taxes on water.

I represent the islands. You can see a lot of water in the lake, but people cannot afford it. Instead, people buy bottled water for consumption. So, the Government should have brought an idea of reducing taxes on water.

5.03

THE DEPUTY ATTORNEY-GENERAL (Mr Jackson Kafuuzi): Thank you, Madam Speaker. I want to appreciate the minister's explanation and I believe it has put everything in perspective.

We are dealing with mineral water and trying to fight the vice of those who are avoiding paying taxes by under declaring. Be that as it may, bottled water is also a class issue; not everybody can afford it. As Government, we are under obligation to provide water to each and every Ugandan and we can only do so by collecting as much revenue as possible so we can reach out to each and every area that does not have water. Taxing this water is part of that process.

THE SPEAKER: What are you proposing?

MR KAFUUZI: I propose that we go with a proposition made by the minister of Shs 75 or maintain 10 per cent. I beg to submit.

5.04

MR DICKSONS KATESHUMBWA (NRM, Sheema Municipality, Sheema): Members, I think we are we are labouring ourselves too hard for no reason. One, the justification given by minister is real. We have so many manufacturers of water and the rates that has been existing is 10 per cent across the board but we have those who have been under declaring. Take an example of a one litre bottle of water; how much is it? It is or Shs 2,000.

If you calculate 10 per cent on Shs 2,000, how much is that? It is Shs 200; that is what they have been paying. The alternative we are putting of the Shs 75 is that if you under declare and you do not want to pay Shs 200, then Shs 75 will sort that. Madam Chairperson, in reality, Shs 75 is not going to make it more expensive.

Members, I am trying to make it very easy. If you look at the current price of water, the rate we are introducing is not going to make it more expensive. Instead, we are trying to level the ground so there is increased compliance in the sector and protect the revenue.

THE SPEAKER: Next item? The next item is *waragi*. We have finished water. We shall go to the Committee Stage.

MR KATESHUMBWA: Madam Speaker, I would like to move a motion that we move to Committee Stage, having exhaustively discussed these proposals.

THE SPEAKER: Is it seconded? It is seconded by Hon. Oboth, Hon. Rose, Hon. Iddi, Hon. Faith, Hon. Amero Linda, Hon. Musa, Hon. Mbwatekamwa, Hon. Gerald and Hon. Mwijukye, the Attorney-General and Hon. Oulanyah.

Honourable members, I put the question that the Exercise Duty (Amendment) Bill, 2023, be read for the second time.

(Question put and agreed to.)

BILLS
COMMITTEE STAGE

THE EXERCISE DUTY AMENDMENT
BILL, 2023

THE CHAIRPERSON: Honourable members, sit.

Clause 1

THE CHAIRPERSON: I put the question that clause 1 stands part of the Bill.

(Question put and agreed to.)

Clause 1, agreed to.

Clause 2 agreed to.

Clause 3

MS PACUTO: Madam Chairperson, clause 3, is amended by -

- a. deleting paragraph (a);
- b. in paragraph (c) by substituting for item (d) the following:

“12 per cent or two hundred and thirty shillings, whichever is higher”. So, we maintain as it is in the principal Act.

- c. In paragraph (f) by substituting for item 26 the following:

“Construction materials of a manufacturer other than a manufacturer referred to in item 21, whose investment capital is at fifty million dollars in the case of a foreigner, or one million dollars in the case of a citizen or thirty five million dollars in the case of a partnership of a citizen and a foreigner, where the citizen has the majority shareholding.”

The justification is to offer protection to the local manufacturers utilising local raw materials.

MR MUWANGA KIVUMBI: I agree with the rest of the amendments except I have an amendment in (3)(c) part 1 to say 60 per cent or one thousand five hundred shillings.

THE CHAIRPERSON: Minister?

MR LUGOLOOBI: Madam Chairperson, I want to begin by raising a procedural matter. I thought we would handle item by item and exhaustively deal with it. The chairperson went omnibus on the various amendments, which makes it quite complicated because we have to juggle through complicated provisions in the principal Act.

THE CHAIRPERSON: Who went omnibus? Is it the chairperson?

MR LUGOLOOBI: Yes. With regard to clause 3, item (a), we want to concede to the amendment by deleting paragraph (a).

MR MUWANGA KIVUMBI: With due respect to the honourable minister, the chairperson is moving omnibus because these were combust positions and agreed to by the Attorney-General in a meeting. Therefore, to take us back to the real argument that lasted hours is unfair -

THE CHAIRPERSON: So, is the contention on paragraph (c) only?

MR MUWANGA KIVUMBI: It is on (c). The other one on water is an insertion; it will come later.

THE CHAIRPERSON: Honourable minister?

MR LUGOLOOBI: Madam Chairperson, on the proposal to amend in paragraph (c) by substituting for item (d), we sat and agreed that we retain what is already in the Bill and they conceded.

Now, relating to paragraph (f) on the proposal to amend by substituting for item 26 – and the narrative is provided - we clarified to the chairperson of the committee that what they added was at the end of that item. They are referring to a partnership between a citizen and a foreigner, where the citizen has majority shareholding.

Now, the application of this provision is on the goods, not on the nature of the business. So, they agreed that the amendment was superfluous. So, we agreed to retain what was already there and what was already there is the narrative up to “United States Dollars”.

Therefore, we agreed to retain what we have in the Bill.

THE CHAIRPERSON: Are you in agreement with Members of the minority report on paragraph (c)?

MR LUGOLOOBI: Which (c)?

THE CHAIRPERSON: Hon. Kivumbi, just read it for the minister.

MR MUWANGA KIVUMBI: Paragraph (c) is on any other un-denatured spirits. that are locally produced, of alcohol strength by volume of less than 80 per cent at 80 per cent or one thousand seven hundred shillings per litre, whichever is higher.”

We are proposing 60 per cent or one thousand five hundred shillings.

THE CHAIRPERSON: He is proposing to reduce the taxes on - *(Laughter)*

MR LUGOLOOBI: I am very surprised that this is coming from a *Hajj*. Well, largely, what we are doing here is what we regard as “sinful tax”. These are the areas where we get a lot of revenue –

THE CHAIRPERSON: Hon. Basalirwa has a procedural matter.

MR BASALIRWA: Madam Chairperson, my view is that the position raised by Hon. Muwanga Kivumbi and the committee should be harmonised on the higher side – beyond 80 per cent.

THE CHAIRPERSON: Thank you. So, are you in agreement with the committee? Honourable members, I put the question that *-(Laughter)-* Hon. Basalirwa was here whispering to me that that thing makes men impotent. *(Laughter)*

Honourable members, I put the question that clause 3 be amended as proposed by the committee.

(Question put and agreed to.)

Clause 3, as amended, agreed to.

MR LUGOLOOBI: I thought there was supposed to be -

THE CHAIRPERSON: What? We have taken your position. Hon. Basalirwa has helped you. By the way, we dropped the clause on banking. I put the question that clause 4(b) on banking be deleted.

(Question put and agreed to.)

(Clause deleted.)

New clause

MS PACUTO: We have a proposal for insertion of a new clause on mineral water, bottled water and other water purposely for drinking. We are amending to say 10 per cent or seventy five shillings per litre, whichever is higher.

The justification is to introduce a specific rate per litre of production on mineral water, bottled water and other water for drinking purposes and create uniformity in the industry.

THE CHAIRPERSON: There is a proposal of either 10 per cent or seventy five shillings. Hon. Muwanga Kivumbi is saying that we maintain it.

MR MUWANGA KIVUMBI: Madam Chairperson, as much as I respect the experts on this matter - and I always respect people who are deep in a sector. In the committee, our understanding was not exactly what Hon. Kateshumbwa explained. Our perspective was - and we asked for empirical evidence - the reason Government failed on most of these is for lack of supporting data - research. It was just "rationalisation". We asked what the impact is. They told us that the margins on water are higher and that even if we impose Shs 75, it will not change. We asked them to give us the evidence.

Our suspicion and understanding - not exactly the way you understood it - was that it will lead to an increment in the price of water. The manufacturers will pass it over to the consumer.

For clarity, if they want to raise the percentage, then the rest, under-declaration of water is a question of administration and capacity building. URA should wake up and play its part in enforcing the law, not manipulating tax and legislation.

THE CHAIRPERSON: Hon. Muwanga Kivumbi, can you have a look at this? This is what they have given me as the analysis that was made and I am asking why they did not share it with you.

MR KATESHUMBWA: Hon. Muwanga Kivumbi, it is unfortunate that this matter, maybe, was not explained properly in the committee by the ministry for finance. *(Interjection)* - No, he has explained it. Like I have mentioned, you are providing either 10 per cent or Shs 75, whichever is higher. That rate already exists on certain items such as whiskies and wines. The whole purpose is to bring fairness in the market and also deal with the problem of under-declaration.

So, the people who are making water and issuing - *(Interruption)*

MR MUWANGA KIVUMBI: I am seeking very simple clarification. If a bottle of water is Shs 1,000 and the rate is 10 per cent, the tax

is Shs 100. The litre rate is at Shs 75. So, for water that sells at Shs 1,000, the tax is Shs 100. If you charge per litre, Shs 75 is lower - and we are saying, "whichever is higher". So, in any provision that you put, most likely, you are going to end up with the 10 per cent. On average - we all know the cost of water; it is not going below that margin.

What you are saying is that manufacturers, at the factory price, will under-declare the cost of their water - much as the market will say it is Shs 100. However, I am saying that that is the question of capacity.

MR KATESHUMBWA: Madam Chairperson, I would agree if you raised the issue of capacity. We can task the minister to look at issues of strengthening the tax administration but here, we are dealing with legislation.

The 10 per cent already exists. Like I have mentioned, if the bottle is at Shs 1,000, 10 per cent is Shs 100. If someone is under-declaring Shs 1,000 to say Shs 200 and he calculates 10 per cent and puts Shs 20, we are saying that it will either be Shs 75 or greater, whichever is higher.

Therefore, the provision is not going to increase the cost of water. We should support it to create a level playing field in the market.

THE CHAIRPERSON: Honourable members, who are those saying that it should remain at 10 per cent - they do not clap here; you are not in a forest - or Shs 75, whichever is higher? This time I am going to count.

It is either 10 per cent or Shs 75, whichever is higher. 10 per cent permanent; you do not change - sit back. I do not know why you are making noise. Who are those who want us to maintain the law as it was? Remember when you bring Shs 75, it is lower - there is clarification from Hon. Oboth.

MR OBOTH: Thank you, Madam Chairperson. A tax collector -

THE CHAIRPERSON: Honourable members, I do not want you to confuse the Shs 75 as per cent. It is a shilling per litre as compared to the Shs 100.

MR OBOTH: Madam Chairperson, this needs to be clarified. I think we are mixing the issues here. The current position is 10 per cent. The tax collector, just like any judicial officer, for something relating to the public, may need that latitude. If you fix it at 10 per cent, you are likely to cause unfairness. If you put it with an alternative, whichever is higher, Shs 75 is definitely lower than the 10 per cent.

A tax collector should be given that latitude to determine whichever is higher. I think it would only be fair that given the explanation here, Shs 75 is fair to have a ground –*(Interjections)*

THE CHAIRPERSON: Honourable members, why don't you have respect for somebody holding the Floor?

MR OBOTH: The information he was giving me before is that the water –

THE CHAIRPERSON: Hon. Muwanga Kivumbi himself has understood it.

MR OBOTH: Our people take it that it is water at Shs 500 but here, we are talking about a litre, I think.

THE CHAIRPERSON: Yes, we are talking about a litre.

MR OBOTH: The 10 per cent applies even for the lower. Therefore, 0.5 litres would be half of that. I think this is the fairest and most moderate way to legislate. You provide 10 per cent or Shs 75 for those who would be running away from paying tax. The tax collector determines. It is only fair that we agree with this position.

MS AISHA KABANDA: Thank you, Madam Chairperson. In support of the current position, 10 per cent or Shs 75, whichever is higher; the bottle we are looking at is Shs 500, but it is half a litre. A full litre bottle is actually Shs 750. The current 10 per cent actually is the Shs 75.

The proposal presupposes that at a certain time, maybe the price might go down to Shs 400. Suppose it does, then the Shs 75 will stand. Therefore, it is perfectly okay for us to go for 10 per cent or Shs 75, whichever is higher.

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

(Question put and agreed to.)

New clause, agreed to.

The title, agreed to.

MOTION FOR THE HOUSE TO RESUME

5.30

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING)(Mr Amos Lugoloobi): Madam Chairperson, I beg to move 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

5.30

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING)(Mr Amos Lugoloobi): Madam Speaker, I beg to report that the Committee of the whole House has considered the Excise Duty (Amendment) Bill, 2023 and made some amendments, particularly on clause 3 covering the schedule, and insertion relating to the tax on water, and deleting the proposal on tax on financial transactions.

THE SPEAKER: Thank you.

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

5.31

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to move that the House adopts the report of the Committee of the whole House.

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

(Question put and agreed to.)

Report adopted.

BILLS
THIRD READING

THE EXCISE DUTY (AMENDMENT)
BILL, 2023

5.31

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to move that, “The Excise Duty (Amendment) Bill, 2023” be read for the third time and do pass.

THE SPEAKER: I put the question that the Excise Duty (Amendment) Bill, 2023, be read for the third time and do pass.

(Question put and agreed to.)

A BILL FOR AN ACT ENTITLED, “THE
EXCISE DUTY (AMENDMENT) ACT,
2023”

THE SPEAKER: Bill passed and title settled. *(Applause) (Hon. Nsereko rose_)* Are you going to the next item?

5.32

MR MUHAMMAD NSEREKO (Independent, Kampala Central Division, Kampala): No, thank you, Madam Speaker. I do not intend to challenge your ruling and it would not be wise.

I would like to thank you for having considered the issue of targeting Tech platforms in transactions. Clearly, you can see that there is a target procedure against ICT as a sector. Whereas this Government - and I remember the President’s speech has always been clear that for this country to grow, there are key things: agriculture, industrialisation, ICT and services.

Whereas this Government is happy to tell us that it is looking for tax everywhere, I have been going through the Excise Duty (Amendment) Act, 2014, but you can see sugar confectioneries like chewing gum, sweets and chocolates are not taxed, and yet they are one of the biggest causes of non-communicable diseases like diabetes, among others.

So, there is a clear collaboration that some things are not being taxed deliberately. You can see that people come here and say, we should tax software, which is updated every two weeks and leave chewing gum, chocolates and sweets. Definitely, there is a beneficiary here importing these confectionaries.

Madam Speaker, I know this Parliament has no powers to import taxes, but we have powers to interrogate. Hon. Lugoloobi, this compendium is there for you; you have been looking for taxes.

I posed this question last financial year and you all went mute. You promised – I am on record on the *Hansard* - and I said there is a source of taxation here. Come this financial year, it has not been proposed.

I know one of our friends –

THE SPEAKER: Honourable member, I have given you all the time. Next year, bring all those.

MR NSEREKO: I have no powers under the Act; there is a Constitution.

THE SPEAKER: No, you can advise the Ministry of Finance, Planning and Economic Development.

MR NSEREKO: Madam Speaker, you advised last year and said that this was something that they had not tackled –

THE SPEAKER: Okay, let us go to the next item. I will allow all those comments after item No.7.

BILLS SECOND READING

THE LOTTERIES AND GAMING (AMENDMENT) BILL, 2023

5.35

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to move that the Bill entitled, “The Lotteries and Gaming (Amendment) Bill, 2023” be read for the second time.

THE SPEAKER: Is it seconded? (*Members rose*) It is seconded by Hon. Osoru, Hon. Isabirye, Hon. Kaala, Hon. Rose, Hon. Esther, Hon. Mwijukye, the Deputy Attorney-General and the whole House.

Hon. Kivumbi, the Lotteries and Gaming (Amendment) Bill, 2023 does not have a minority report. Can you guide the House?

5.36

MR MUWANGA KIVUMBI (NUP, Butambala County, Butambala): In the view that there is no minority and we harmonised with the Executive on these matters and canvassed them, can we go straight to Committee Stage and handle clause by clause for the next two Bills?

THE SPEAKER: Thank you. Can you move the motion that we go to Committee Stage?

5.37

THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Dr Keefa Kiwanuka): Madam Speaker, I beg to move that the House goes to Committee Stage.

THE SPEAKER: Okay, Hon. Elijah Okupa, can you move the motion?

5.31

MR ELIJAH OKUPA (Independent, Kasilo County, Serere): Madam Speaker, the rules require the committee chairperson, the owner of the report, to move the motion. You have been longing to be a minister and this is how you start practicing. So, move the motion in the right way. (*Laughter*)

THE SPEAKER: Did he tell you that he was longing to be a minister?

MR OKUPA: Oh yeah. (*Laughter*)

THE SPEAKER: Hon. Elijah, move the motion that I put the question? I know you do not want to be a minister.

MR OKUPA: Madam Speaker, I beg to move that the question be put that the committee –

THE SPEAKER: That the House goes to the Committee of the whole House. (*Laughter*) Senior, please do it.

MR OKUPA: Madam Speaker, I move that the House resolve itself into a Committee of the whole House – (*Laughter*)

THE SPEAKER: Honourable members, I put the question that the House moves to Committee Stage.

(Question put and agreed to.)

BILLS
COMMITTEE STAGE

THE LOTTERIES AND GAMING
(AMENDMENT) BILL, 2023

Clause 1

THE CHAIRPERSON: I put the question that clause 1 stands part of the Bill.

(Question put and agreed to.)

Clause 1, agreed to.

Clause 2, agreed to.

The Title, agreed to.

MOTION FOR THE HOUSE TO RESUME

5.39

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): I beg to move that the House do resume and the Committee of the whole House reports thereto.

THE CHAIRPERSON: Thank you. 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

5.40

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to report that the Committee of the whole House has considered the Lotteries and Gaming (Amendment) Bill, 2023, and adopted it without any amendments.

THE SPEAKER: Thank you.

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

5.40

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to move that the House adopts the report of the Committee of the whole House.

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

(Question put and agreed to.)

Report adopted.

BILLS
THIRD READING

THE LOTTERIES AND GAMING
(AMENDMENT) BILL, 2023

5.41

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to move that “The Lotteries and Gaming (Amendment) Bill, 2023”, be read for the third time and do pass.

THE SPEAKER: Honourable members, I put the question that the Lotteries and Gaming (Amendment) Bill, 2023, be read the third time and do pass.

(Question put and agreed to.)

A BILL FOR AN ACT ENTITLED,
“THE LOTTERIES AND GAMING
(AMENDMENT) ACT, 2023”

THE CHAIRPERSON: Bill passed and title settled. *(Applause)* Next item.

BILLS
SECOND READING

THE TAX PROCEDURES CODE
(AMENDMENT) BILL, 2023

5.41

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to move that the Tax Procedures Code (Amendment) Bill, 2023, be read for the second time.

THE SPEAKER: Is the Bill seconded? *(Members rose)* It is seconded by the whole House, including the Government Chief Whip. Would you like to speak to your Bill?

5.42

MR MUHAMMAD MUWANGA KIVUMBI (NUP, Butambala County, Butambala): Madam Speaker, the fact that there is no bone of contention on this Bill and that we harmonised with the Government side, it is my considered opinion that we go straight to Committee Stage.

THE SPEAKER: Thank you. Motion?

MR MUWANGA KIVUMBI: Madam Speaker, I beg to move *-(Laughter)*

THE SPEAKER: Move the motion.

MR MUWANGA KIVUMBI: Let me assist the chairperson. *(Laughter)*

THE SPEAKER: Move the motion, shadow minister.

MR MUWANGA KIVUMBI: I beg to move a motion that the House goes to Committee Stage to consider the Bill.

THE SPEAKER: Is the motion seconded? *(Members rose)* It is seconded by the whole House. I put the question that the Tax Procedures Code (Amendment) Bill, 2023 be read the second time.

(Question put and agreed to.)

BILLS
COMMITTEE STAGE

THE TAX PROCEDURES CODE
(AMENDMENT) BILL, 2023

Clause 1

THE SPEAKER: I put the question that clause 1 stands part of the Bill.

(Question put and agreed to.)

Clause 1, agreed to.

Clause 2, agreed to.

Clause 3

DR KEEFA KIWANUKA: Madam Speaker, we have an amendment. Clause 3 is substituted with the following:

“6(a) a person who makes unauthorised interference to or tampers with a digital tax stamp machine commits an offense and is liable on conviction to pay the amount of tax lost as a result of the tampering and a fine not exceeding five thousand currency points or imprisonment not exceeding ten years.”

The justification is to increase the penalty for the offence of tampering with digital stamp machines, and to recover any loss of tax that may have been occasioned as a result of the tampering. I beg to submit.

MR MUWANGA KIVUMBI: We had no objection.

MR LUGOLOOBI: Madam Chairperson, we concede.

MR MPUUGA: The amendment moved by the chairperson was not debated. We need to be guided whether it rhymes with the offense because that seemed to be a bit onerous. Will the learned Attorney-General be of help? Look at the currency points and then 10 years.

MR KAFUUZI: To the best of my knowledge, the amendment is intended to improve what was previously proposed. The previous proposal was one thousand five hundred currency points. That is what I have in the Bill and they are raising it to five thousand currency points, which I believe is commensurate with the proposed prison term of 10 years.

THE CHAIRPERSON: Imprisonment for 10 years?

MR KAFUUZI: Yes.

MS AISHA KABANDA: My issue is about the ambiguity of saying, “is liable to payment of the taxes lost”. Madam Chairperson, any time URA realises tax was not paid, then the organisation must pay. It says that once they realise money was evaded, the organisation must pay. To me, it is ambiguous to say “is liable to payment of an amount that was lost”, and then the currency points. It looks ambiguous.

MR KAFUUZI: Madam Chairperson, in response to my sister, Hon. Aisha, this is not just about evading tax; it is about tampering with the stamp.

THE CHAIRPERSON: A digital stamp.

MR KAFUUZI: The intention is to look at the person who is tampering and altering the digital stamp.

THE CHAIRPERSON: They are saying, “a person who makes unauthorised interference to or tampers with the digital tax stamp machine commits an offense.”

MSAISHAKABANDA: Madam Chairperson, I agree with him to that effect. This is why there is that fine and a provision for imprisonment. Payment of the money that was not paid is another matter, which must be paid anyway; whether mentioned here or not.

THE CHAIRPERSON: It is actually different from what is here.

MR OKUPA: On the proposal of the one thousand five hundred currency points, if the committee wanted to increase it, possibly, they would have increased it to maybe two thousand or two thousand five hundred.

Madam Chairperson, five thousand currency points is currently an equivalent of Shs 100,000,000. First of all, you are paying the tax that you caused and then putting a penalty of Shs 100 million, assuming the tax was Shs 5 million, and we are looking at Shs 100 million, possibly, you will not even collect this money. I think we need to -

THE CHAIRPERSON: Can we hear from the Attorney-General?

MR KAFUUZI: Strict as it may appear, it is intended to be deterrent so that nobody tampers with it.

THE CHAIRPERSON: The word is “Not exceeding”.

MR KAFUUZI: Yes, and it says “not exceeding” and that gives the judicial officer the option and depending on the facts of each and every case, it can be less.

MR MUWANGA KIVUMBI: Madam Chairperson, let us get the perspective so we understand where the committee is coming from. For example, look at a manufacturer like Coca-Cola, who for purposes of evading a tax, goes on the machine deliberately and tampers with the stamp; the company can elude taxes of billions by that action.

The loss to Government in terms of revenue can be so huge. Therefore, to put a penalty and an offense, you must be really strong and deliberate. Any lenience will lead to tax avoidance and evasion. This is my humble view and I come from this other side - this is what even our Government would do; people who cheat tax should pay a very high price.

MR NSEREKO: Madam Chairperson, none of us is opposed to the penalties accrued by this form of fraud but the issue is awareness to our

people. I would like to request the honourable minister to be candid and tell Ugandans the agreement this Government signed with a private company to issue digital stamps and how much a Ugandan taxpayer loses to this company or how much money this company makes as a result of this?

Madam Speaker, the biggest thing being mooted in this is the profitability of a company is hinged on how harshly we go for these taxes so that there is more compliance. As you are aware, there is a company called SICPA that this Government engaged to issue digital stamps on its behalf. This company is – it is definitely a foreign company; it cannot be Ugandan – earning a lot of money having invested nearly nothing, other than software.

The only thing we are seeking from the minister is for him to tell Ugandans that we are legislating to collect more tax but also to empower that company to make more profits. Can you tell Ugandans about that company and how much it earns from every digital stamp?

THE CHAIRPERSON: Honourable members, I put the question that clause 3 be amended as proposed by the committee.

(Question put and agreed to.)

Clause 3, as amended, agreed to.

New clause

THE CHAIRPERSON: Let us have order in the House.

DR KEEFA KIWANUKA: Madam Chairperson, the Bill is amended by inserting a new clause immediately after clause 3, to read as follows -

“Amendment of section 38 of the principal Act

Section 38 of the principal Act is amended -

In subsection (1)(a) by inserting the words “outstanding at the date of payment” immediately after the word “tax”;

By inserting a new subclause immediately after subsection (2) the following –

“(3)for the avoidance of doubt, any payment by a taxpayer shall be applied to the principal tax first, until it is fully paid up.”

The justification is to clarify that priority of payment is given, first, to the principal amount outstanding at the date of payment.

THE CHAIRPERSON: Hon. Kivumbi -

MR MUWANGA KIVUMBI: No objection, Madam Chairperson.

THE CHAIRPERSON: Hon. Lugolobi?

MR LUGOLOOBI: I concede.

THE CHAIRPERSON: I put the question that the proposed new clause be inserted as proposed.

(Question put and agreed to.)

New clause, inserted.

Clause 4

DR KEEFA KIWANUKA: Clause 4: amendment of section 39 of the principal Act

The committee proposes deletion of clause 4.

The justification is that clause 4 contradicts clause 5, which grants a total waiver of interest and penalty outstanding as at 30 June 2023, where a taxpayer pays by 31 December 2023.

THE CHAIRPERSON: Hon. Kivumbi?

MR MUWANGA KIVUMBI: No objection.

THE CHAIRPERSON: Honourable minister -

MR LUGOLOOBI: We concede.

THE CHAIRPERSON: I put the question that clause 4 be deleted as proposed.

(Question put and agreed to.)

Clause 4, deleted.

New clause

THE CHAIRPERSON: New clause?

DR KEEFA KIWANUKA: The committee proposes an amendment to read as follows-

“Amendment of section 40 of the principal Act
Section 40 of the principal Act is amended by substituting for subsection (2) the following-

‘(2) Where a taxpayer’s case is referred to the minister under subsection (1) and the minister is satisfied that the tax due cannot be effectively recovered, the minister shall, with the approval of Parliament, remit in whole or part, the tax payable by the taxpayer.’”

THE CHAIRPERSON: Hon. Kivumbi -

MR MUWANGA KIVUMBI: No objection, Madam Chairperson.

THE CHAIRPERSON: Honourable minister -

MR LUGOLOOBI: We concede.

THE CHAIRPERSON: I put the question that the proposed new clause be inserted.

(Question put and agreed to.)

New clause, inserted.

Clause 5

DR KEEFA KIWANUKA: Clause 5: Amendment of section 40D of the principal Act

Clause 5 is substituted with the following -

“40D: Waiver of interest and penalty on payment of principal tax

1. any interest and penalty outstanding as at 30 June 2023 shall be waived where the taxpayer pays the principal tax by the 31 December of 2023.

2. where the taxpayer pays part of the principal tax outstanding as at 30 June 2023 by the 31st of December 2023, the payment of interest and penalty shall be waived on a pro-rata basis.”

The justification is to remove the powers to waive tax on interests and penalty from the Commissioner-General, and to increase the timeframe within which the principal tax is to be paid.

THE CHAIRPERSON: Hon. Kivumbi?

MR MUWANGA KIVUMBI: I know my friend wants to understand, but it will be a long explanation. We have no objection.

THE CHAIRPERSON: Honourable minister?

MR LUGOLOOBI: We harmonised and I have no objection.

THE CHAIRPERSON: I put the question that clause 5 be amended as proposed.

(Question put and agreed to.)

Clause 5, as amended, agreed to.

Clause 6

DR KEEFA KIWANUKA: Clause 6: Amendment of section 42 of the principal Act

Clause 6 is amended -

1. by substituting the figure “4” with figure “(3a)”

2. by inserting immediately after “(3a)” the following-

“(3b) subsection (3a) shall not apply to the information requested by the Commissioner, where the information is more than three years

from the date the document was authored or for the past three financial years.”

The justification is to create an exception where the taxpayer may be allowed to adduce evidence at the point of objection.

THE CHAIRPERSON: Hon. Kivumbi?

MR MUWANGA KIVUMBI: No objection.

THE CHAIRPERSON: Thank you. Honourable minister -

MR LUGOLOOBI: We concede.

THE CHAIRPERSON: I put the question that clause 6 be amended as proposed.

(Question put and agreed to.)

Clause 6, as amended, agreed to.

Clause 7

DR KEEFA KIWANUKA: Clause 7: Insertion of section 62H of the principal Act

Clause 7 is amended -

- (a) by renumbering the proposed section as “62I”
- (b) by substituting for the word “hundred” the word “thousand”
- (c) by substituting for the word “three” the word “ten”.

The justification is:

- i) to correct a typing error and give it the right reference; and
- ii) to make the punishment more deterrent.

MR MUWANGA KIVUMBI: No objection, Madam Chairperson.

THE CHAIRPERSON: Honourable minister?

MR LUGOLOOBI: We concede.

THE CHAIRPERSON: I put the question that clause 7 be amended as proposed.

(Question put and agreed to.)

Clause 7, as amended, agreed to.

The title, agreed to.

MOTION FOR THE HOUSE TO RESUME

THE CHAIRPERSON: Honourable minister?

6.00

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

THE CHAIRPERSON: 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

60.1

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to report that the Committee of the Whole House has considered the Tax Procedures Code (Amendment) Bill, 2023 and made some amendments.

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

6.01

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to move that the report of the Committee of the whole House be adopted.

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

(Question put and agreed to.)

Report adopted.

BILLS
THIRD READING

THE TAX PROCEDURES CODE
(AMENDMENT) BILL, 2023

6.02

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): Madam Speaker, I beg to move that the Tax Procedures Code (Amendment) Bill, 2023, be read for the third time and do pass.

THE SPEAKER: I put the question that the Tax Procedures (Amendment) Bill, 2023 be read the third time and do pass.

(Question put and agreed to.)

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

THE SPEAKER: Title settled and Bill passed.
(Applause)

6.02

MR MUHAMMAD MUWANGA KIVUMBI (NUP, Butambala County, Butambala): Madam Speaker, we have passed this Bill and created a lot of punitive measures but there is a big problem in this sector.

There is a company called SICPA - the one for digital stamps. When you look at the report by the Uganda Revenue Authority, you realise that the actual money that yields to URA, because of SICPA, is very minimal. This is because the agreement gives SICPA a portion of the total sum of the revenues collected for no work done. The figures were very alarming. They were around Shs 100 and something billion collected because of this.

The effort by SICPA was around Shs 23 billion but SICPA now has an entitlement to a total sum, as a percentage, because of this agreement.

It is high time - to continue not to lose money, that Government brings back this agreement for a review. Otherwise, we are doing all this only to enrich individuals; Government will walk away with nothing.

THE SPEAKER: Honourable Attorney-General, can you give a report to this House on that agreement?

6.04

THE DEPUTY ATTORNEY-GENERAL (Mr Jackson Kafuuzi): Thank you. Give us some two weeks, we shall see what -

THE SPEAKER: In two weeks' time, please, report back to this House on that agreement. Actually, you should also come with the action-taken report on Bujagali. *(Applause)*

MR KAFUZI: Madam Speaker, isn't that under Energy? I need clarification.

THE SPEAKER: There is a report that was presented in the House with an aspect on the revision of the agreement and the Attorney-General was to take it up.

6.05

THE LEADER OF THE OPPOSITION (Mr Mathias Mpuuga): Thank you, Madam Speaker. Of course, the learned Attorney-General will deliver but we need to take even more keener interest - and I would like to put the House on notice, that it will be by emotions for an investigation - first of all, this company is tax exempt; it was not sourced competitively -

THE SPEAKER: Let us wait for a report on Wednesday-

MR MPUUGA: We shall get the report but the notice remains on record.

THE SPEAKER: I hope it will be one of the companies on the report for tax exemption.

MR MPUUGA: The notice remains on record that we shall move a motion for a proper inquest. Thank you.

THE SPEAKER: We will wait for the motion. Thank you.

BILLS SECOND READING

THE TRAFFIC AND ROAD SAFETY (AMENDMENT) BILL, 2023

6.05

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr Amos Lugoloobi): I beg to move that the Bill entitled, “The Traffic and Road Safety (Amendment) Bill, 2023” be read for the second time.

THE SPEAKER: Is the Bill seconded? (*Members rose*) It is seconded by the whole House, including Hon. Aogon who has just come, Hon. Dr Nekesa and Hon. Ababiku. Honourable Chairperson, we have a minority report on this. So, can we only look at the areas of dissent?

6.06

THE DEPUTY CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Ms Jane Pacuto): What do you want me to do? Do I go straight to the observations and recommendations?

Madam Speaker, on the Traffic and Road Safety (Amendment) Act, this is what the committee observes given the narrative of what the Minister for Transport gave us.

The committee observed that this provision implies that the operators of online digital platforms that provide public service transport will be required to have all the drivers registered on their platform to have a professional driving permit instead of a badge.

The committee noted that this provision should apply to all providers of passenger-public transport services, not just the online platforms.

The committee, therefore, proposes that in order to ensure that the law is aligned to ISO standards of the issuance of a driving license, the proposed amendment should be passed. However, drivers should be given six months to transit to what is being proposed.

The committee recommends that the proposed amendment be passed six months after the commencement of the Act, in order to ensure that drivers are accorded six months prior to the implementation of the proposal. I beg to submit.

THE SPEAKER: Thank you very much.

6.09

MR MUHAMMAD MUWANGAKIVUMBI (NUP, Butambala County, Butambala): This is your area; I should listen. Madam Speaker, this amendment, on the face of it, looks like they want to change the word “badge” to “professional driving permit.”

The bone of contention is that a driver is going to require two permits, all paid for because for you to go to Uber and log in, you must be

a driver. And to be a driver in our law, under section 70, you must have a driving license. These driving licenses are categorised as Class A, B, C, D, all other provisions.

For one to register to provide for Uber, all they need to do is to be accredited and when they are accredited, they are given a badge to confirm that they are now an Uber driver because they have a license. The license they have in Uganda is regional. My license, for example, permits me to drive in the whole of East Africa and COMESA. There is no way, even if one has a permit here, that they will go to London and drive an Uber there; they will be required to acquire a driving license in London.

The net effect of it is that this is going to require the humble people who do this business to be required now to have two permits all paid for and we believe this is unfair, because we looked at a taxi driver in Uganda and if one is getting a permit for the first time, the fee is Shs 500,000. Then annual renewal fee for three years is Shs 210,000, and this same driver is required to have third-party insurance. So, imagine you are now going to this person to go and buy another - and you even want to create another regulator to issue this.

Our humble view is that when you look at Section 70 - I was in the committee but we never looked at the mother section. Section 72 (c) of the Act requires you to have been allowed to do Uber. We believe - and this is not to generate revenue - it will consequently enrich someone.

Therefore, this permit thing makes it difficult for our humble people to do business. Let them stay with the badge and it will suffice. Let them be accredited but not require them to have two permits.

The other issue -

THE SPEAKER: What was the basis for accepting them to have two permits, which are all paid for? They are like identity cards; that is a cost to a local person.

MS PACUTO: Madam Speaker, what was explained to us in the committee is that we are going towards the production of oil. This will require our drivers to drive beyond the borders of Uganda. The badge is now used for identification.

If Hon. Opolot misbehaves on the road - this is just an example. Once I have the professional driving permit, I will be free to use it in Tanzania, Kenya and Zambia. That is why - *(Interjections)* - listen to me. At the committee level, we said that if that is the case, you will not need to have a badge. For them to transit to -

THE SPEAKER: The presumption is that you already have badges and you want them to go for another license.

MS PACUTO: Badges are not permits.

MR MUWANGA KIVUMBI: I have a point of clarification. Let us settle this. While in the meeting - I must concede - we never looked at the mother law. When I looked at the mother law, first and foremost, you have a license; there is no unprofessional license. For you to get the license, you are tested and there is a categorisation; you are a saloon driver or a truck driver and you are permitted to drive in all East African Countries.

Once you have that license, you are required to be accredited by whatever authority or department under the law. You are issued with a badge for identification, say for example, you are an Uber driver, but the application is online. Even Uber can reject you when you have a license and say, "we are over the board."

When I looked at this law and studied it further, I realised that when we were at the committee, we never interrogated this section very well. Therefore, my humble position is not to make it so difficult for people to do business in this country. Let us not require them to pay twice. I want to be convinced by someone and find out whether the professional license will not be paid for or it will be free.

THE SPEAKER: What is the difference between a license and a professional license?

MS PACUTO: Madam Speaker, as I invite one of our Members to give that difference, we were informed that at the end of this financial year, all badges will expire. That is why we had an amendment to transit; that we give them six months -

THE SPEAKER: Hon. Jane, I hope you are not misleading us that having a professional license makes you go across borders.

MS NAKUT: Can I give information, which came to the committee; the basis on which the committee gave recommendations?

THE SPEAKER: Are you a member of the committee?

MS NAKUT: Yes. Thank you, Madam Speaker. The spirit in which this issue came is to curb road traffic accidents. The professional driving permit –*(Interjections)*- let me explain the importance of the professional driving permit as we received it from the ministry. The professional driving permit gives the user, the owner of the permit, points. When you cross the red lights, the points are reduced. This is a requirement for all our drivers to drive anywhere in the country. The committee considered -

THE SPEAKER: Do we have that system in Uganda?

6.16

MR DICKSONS KATESHUMBWA (NRM, Sheema Municipality, Sheema): I think the committee did not examine this matter properly because a lot of questions are coming through. Is it a requirement to have a driving permit in this country? You cannot drive without a permit. What exactly are you trying to cure because it is not clear why we are introducing this provision. The committee needs to clarify the rationale; what are you trying to do?

6.18

MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri): Madam Speaker, the explanations being given here are a matter of law.

Secondly, you are not going to arrogate unto yourselves powers of determining professionalism at that level. That authority is under the Traffic and Road Safety Act, which is being addressed somewhere. I propose that we got to Committee Stage and have the matter resolved when discussing it clause by clause. *(Members rose_)*

THE SPEAKER: Honourable members, take your seats. Can we hear from the Minister of Finance, Planning and Economic Development? Hon. Kivumbi, we would like to register apologies for not having concluded this. We saw a mischief.

MR LUGOLOOBI: Whereas on the Order Paper I was required to present this Bill, the Bill itself was authored by Gen. Edward Katumba Wamala, the Minister of Works and Transport. So, I beg that we stand over this Bill so the relevant minister can come and defend his Bill.

THE SPEAKER: Leader of the Opposition?

MR MUWANGA KIVUMBI: Madam Speaker, this is a very clear case. When we were at the committee meeting, I must confess, I sat in there all the days. When we were considering, we never took time to look at the principal Act to know exactly what the Act says.

When you look at the provisions of the Act, they say for Uber, you must have a license, background check, be accredited or given a badge.

Madam Speaker, to mistake a badge to a permit requires somebody to pay. We believe this is extremely unfair.

THE SPEAKER: The object of the Bill says “to replace the reference of a badge with a professional driving permit”. A professional

driving permit is not a badge. A badge is identification; so, there is a contradiction.

MR MUWANGA KIVUMBI: The second issue of the minority report on this Bill is the *boda boda*.

THE SPEAKER: We have not yet disposed of what was being said.

MR MUWANGA KIVUMBI: Madam Chairperson, I have said all that is required to be said and it is clear. The minister, together with the commissioner came to the committee and even gave us a schedule of rates - How they are going to charge people across and how they are going to set up another authority to manage this. It is a whole project that will most likely lead to making money.

MR AOGON: Madam Speaker, I am giving information to the honourable colleague. One, I feel someone has tried to develop a business for himself or herself. Two, our rules do not allow us to speculate while making a law.

THE SPEAKER: Honourable members, we are standing over this Bill. House adjourned to Tuesday at 2.00 p.m.

(The House rose at 6.25 p.m. and adjourned until Tuesday, 9 May 2023 at 2.00 p.m.)