

## VALUE ADDED TAX AMENDMENTS

SN	Amendment	Justification
1.	<p><b>VAT Exempt supplies</b></p> <p>a) The following items have been removed from the list of exempt supplies;</p> <ul style="list-style-type: none"> <li>• The supply of production inputs into limestone mining and processing into clinker in Uganda and the supply of clinker for further value addition in Uganda has been made standard rated.</li> </ul> <p>b) The following supplies have been exempted from VAT</p> <ul style="list-style-type: none"> <li>• the supply of liquefied gas and denatured fuel ethanol from cassava</li> <li>• the supply of services to a manufacturer other than [a manufacturer who engages in supply of locally produced materials for construction of a factory or warehouse and the supply of locally produced raw materials and inputs or machinery and equipment to an operator within an industrial park, free zone or an operator within a single factory or other business outside the industrial park or free zone].</li> </ul> <p><b>Condition</b></p> <p>The investment capital of this manufacturer should be at least USD 30 million for a foreign investor or USD 5 million for a local investor, to conduct a feasibility study or to undertake design and construction, or in the case of any other manufacturer from the date on which the manufacturer makes an additional investment equivalent to</p>	<ul style="list-style-type: none"> <li>• To promote strategic investments in the country</li> <li>• It is an incentive to encourage investment in the manufacturing sector.</li> </ul>

	<p>USD 30 million for a foreign investor or USD 5 million for a local investor;</p> <ul style="list-style-type: none"> <li>○ who has capacity to use at least 70 percent of the raw materials that are locally sourced, subject to their availability, and</li> <li>○ Who has capacity to employ at least 70 percent of the employees that are citizens earning an aggregate wage of at least 70 percent of the total wage Bill.</li> </ul>	
<b>3.</b>	<p><b>Zero rated supplies</b></p> <p>The following supplies are now zero rated</p> <ul style="list-style-type: none"> <li>• The supply of leased aircraft, aircraft engines, spare parts for aircraft, aircraft maintenance equipment and repair services</li> </ul>	<ul style="list-style-type: none"> <li>• To promote the aviation industry by adding maintenance and repair services</li> </ul>
<b>4.</b>	<p><b>Listed institutions</b></p> <p>Government has added to the First Schedule of the VAT Act two institutions - the African Export – Import Bank (AFREXIMBANK) and the International and Union for Conservation of Nature</p>	<ul style="list-style-type: none"> <li>• To promote trade by providing relief to banks that finance trade.</li> </ul>
<b>5.</b>	<p><b>Input tax claim</b></p> <p>The amendment seeks to allow a period of six (6) months from the date of issue of the invoice within which a person can apply for an input tax credit.</p>	<ul style="list-style-type: none"> <li>• To streamline claims for VAT credit to ensure that tax payers do not file applications for refunds after a long period of time</li> </ul>
<b>6.</b>	<p><b>Refunds</b></p> <p>The law has introduced a tax refund of 5% of the VAT amount, to be paid back to consumers who purchase goods or services from a taxable person and is issued with an electronic receipt or invoice worth five million shillings within a consecutive period of thirty days.</p>	<ul style="list-style-type: none"> <li>• To provide an incentive for enforcement of the use of the electronic fiscal receipting and invoicing solution.</li> </ul>
<b>7.</b>	<p><b>Returns</b></p> <p>The law has created a separate quarterly return for non-resident suppliers of services deemed to be supplied in Uganda when made to non-taxable persons. A taxable person who is providing services to a non-taxable person in Uganda and is</p>	<ul style="list-style-type: none"> <li>• To create a simplified regime for non-resident providers of services deemed to be supplied in Uganda.</li> </ul>

	<p>engaged in providing services in connection to.</p> <ul style="list-style-type: none"> <li>• Immovable property in Uganda;</li> <li>• Radio or television broadcasting services received at an address in Uganda;</li> <li>• Electronic Services delivered to a person in Uganda;</li> <li>• Transfer, assignment, or grant of a right to use a copyright, patent, trademark, or similar right in Uganda;</li> <li>• Telecommunication services other than those by a supplier of telecommunication services or services to a person who is roaming while temporarily in Uganda</li> </ul> <p>These shall be required to file returns within 15 days after the end of the three consecutive calendar months.</p>	
<p><b>8.</b></p>	<p><b>Penalties</b>  Penalties on any taxable person who furnishes URA with information that is false or misleading regardless of whether it was done knowingly or recklessly or not.</p>	<ul style="list-style-type: none"> <li>• Compliance measure</li> </ul>