

PARLIAMENT OF UGANDA

REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE STAMP DUTY (AMENDMENT) BILL, 2016

OFFICE OF THE CLERK TO PARLIAMENT
APRIL 2016

**REPORT OF COMMITTEE ON FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT ON THE STAMP DUTY (AMENDMENT) BILL, 2016**

1.0 Introduction

The Stamp Duty (Amendment) Bill, 2016 was read for the first time on 10th March, 2016 and referred to the Committee on Finance, Planning and Economic Development in accordance with Rule 118 of the Rules of Procedure of Parliament.

2.0 Object of the Bill

The Object of the Bill is to amend Schedule 2 to the Stamp Duty Act, 2014, Act No. 13 of 2014 to vary stamp duty charged on certain instruments under the Act.

3.0 Methodology

The Committee held meetings and received memoranda from the following:

- (i) Minister of Finance, Planning and Economic Development
- (ii) Uganda Revenue Authority
- (iii) Price Waterhouse Coopers
- (iv) Civil Society Budget advocacy Group (CSBAG)

4.0 Observations by members

The Committee observed that:

(i) Increase of Stamp Duty from 1% to 2% charged on exchange of property is high. Analysis from Parliamentary Budget Office indicates that GDP growth will decline by 0.2% relative to current projections. As a result household consumption will decline by 1.8% leading to a decline in employment by 0.5%. Resulting from the analysis, Stamp Duty should increase gradually from 1% to 1.5%.

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(ii) The increment may deter people from transferring properties which will affect their ownership. This may negatively affect compliance and therefore the revenue anticipated to be collected from the increment may not be realized.

(iii)Section 28 of the Stamps Act, 2014 provides for Stamp Duty on transfers during the life time of the person transferring. The provisions of section 28 mean that most of the transactions which were previously not subject to stamp duty are now subject to stamp duty of 1% of the total market value of the property or share, including where there is no change in beneficial ownership. Some of such transactions are; transfer of property from husband to wife and vice versa including a transfer from one spouse to joint partnership, the vesting of family property into a trust and vice versa, transfer of property/shares from beneficiaries to a trust and vice versa, transfer of property during divorce or dissolution of marriage, transfer of property/shares from parent to children or vice versa and a gift made for no consideration.

(iv) Section 28 of the Stamp Duty Act, 2014 be amended and the provisions contained in subsection 35 of the repealed Stamps Act, 342 be reinstated as the current provisions are very disadvantageous to families that would like to enjoy joint ownership of family property bearing in mind that Stamp Duty is proposed to be increased from 1% to 2% in the Bill. The Committee shall propose an amendment to this effect.

5.0 Recommendation

The Committee recommends that the Stamp Duty (Amendment) Bill, 2016 be passed into law subject to the proposed amendments. 

PROPOSED AMENDMENTS

- Insert a new clause immediately after Clause 1 as follows

Amendment of the Stamps Duty Act 2014.

The Stamps Duty Act, 2014 in this Act referred to as the Principal Act is amended in section 28 by inserting after subsection (3) the following

“(4) This section shall not apply to a conveyance or transfer made for nominal consideration for the purpose of securing the repayment of an advance or loan or made for effecting the appointment of a new trustee or the retirement of a trustee, whether the trust is expressed or implied, or under which no beneficial interest passes in the property conveyed or transferred, or made to a beneficiary by a trustee or other person in a fiduciary capacity under any trust, whether expressed or implied; and this subsection shall have effect notwithstanding that the circumstances exempting the conveyance or transfer from charge under this section are not set forth in the conveyance or transfer.”

Justification

1. Stamp Duty should not be charged on transfer of property from husband to wife and vice versa including a transfer from one spouse to joint partnership; the vesting of family property into a trust and vice versa; transfer of property/shares from beneficiaries to a trust and vice versa, transfer of property during divorce or dissolution of marriage and a gift where there is no beneficial consideration.

~~Stamp Duty~~ 2. The current provisions discourage families that would like to enjoy joint ownership of the family property. Most Women will be kept out of ownership of family property if they are required to meet the stamp duty

costs equivalent to the market value of the property before their names can be registered as joint owners of such property.

3. Individuals should be accorded the same benefit that is accorded to transfers between associated companies under section 27 of the Act.

• **Clause 2. Amendment of Schedule 2.**

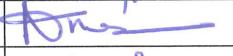
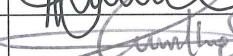
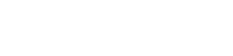
In paragraph (b), substitute for 2%, the figure 1.5%.

Justification .

1. Tax should be incremental and progressive. A 100% increment is too high.
2. Analysis from Parliamentary Budget Office indicates that GDP growth will decline by 0.2% relative to current projections. As a result household consumption will decline by 1.8% leading to a decline in employment by 0.5%

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**REPORT OF COMMITTEE ON FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT ON THE STAMP DUTY (AMENDMENT) BILL, 2016**

	NAME	CONSTITUENCY	SIGNATURE
1	Hon. Kasule Robert	Kyadondo North	
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3	Hon. Musasizi Henry	Rubanda East County	
4	Hon. Kyooma Xavier	Ibanda North County	
5	Hon. Sejjoba Isaac	Bukoto Mid-West	
6	Hon. Lwanga Timothy	Kyamuswa County	
7	Hon. Adong Lilly	Nwoya District	
8	Hon. Katoto Hatwib	Katerera County	
9	Hon. Amos Lugoloobi	Ntenjeru South	
10	Hon. Emma Boona	Mbarara District	
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14	Hon. Nathan N Mafabi	Budadiri West County	
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16	Hon. Mathias Nsubuga	Bukoto South County	
17	Hon. Judith Franca Akello	Agago District	
18	Hon. Maxwell Akora	Maruzi County	
19	Hon. Ssasaga Isaiah	Budadiri East County	
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