
**BILLS
SUPPLEMENT No. 3**

4th March, 2016.

BILLS SUPPLEMENT

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Bill No. 3

Value Added Tax (Amendment) Bill

2016

THE VALUE ADDED TAX (AMENDMENT) BILL 2016.

MEMORANDUM

The object of this Bill is to amend the Value Added Tax Act, Cap 349 to provide for persons engaged in midstream petroleum operations to register as taxable persons under the Act; to remove compact fluorescent bulbs and LED lamps or bulbs from the list of exempt goods; to include other specified agricultural processing machinery on the list of exempted supplies; to provide for the tax treatment of suppliers to contractors executing Aid funded projects; to exempt from tax, the supply of any goods and services to the contractors and subcontractors of hydroelectric power, solar power, geothermal power projects and to provide for related matters.

MATIA KASAIJA, (MP)

Minister of Finance, Planning and Economic Development.

THE VALUE ADDED TAX (AMENDMENT) BILL, 2016

ARRANGEMENT OF CLAUSES

Clause

1. Commencement.
2. Amendment of the Value Added Tax Act, Cap. 349.
3. Amendment of section 20 of principal Act.
4. Amendment of section 24 of principal Act.
5. Amendment of section 25 of principal Act.
6. Amendment of section 28 of principal Act.
7. Amendment of Second Schedule of principal Act.

A Bill for an Act

ENTITLED

THE INCOME TAX (AMENDMENT) ACT, 2016.

An Act to amend the Income Tax Act, Cap. 340 to provide for carrying forward of losses in respect to mergers and acquisitions; to provide for the rate of tax payable by a non-resident person deriving rent from Uganda; to exclude public listed companies from the shareholding requirements as regards accessing benefits provided in an international agreement; to amend the definition of petroleum taxation; to impose an obligation on persons employed by diplomatic institutions and institutions with diplomatic privileges to file returns of income with the Uganda Revenue Authority; and for related matters.

BE IT ENACTED by Parliament as follows:

1. Commencement.

This Act shall come into force on 1st July, 2016.

2. Amendment of the Income Tax Act.

The Income Tax Act, in this Act referred to as the principal Act is amended in section 38(1) by inserting immediately after the words “this section”, the words “and section 75”.

3. Amendment of section 83 of principal Act.

Section 83 of the principal Act is amended by substituting for subsection (2), the following—

“(2) The tax payable by a non - resident person under this section is calculated by applying the rate prescribed in Part IV of the Third Schedule to this Act to the gross amount of the dividend, interest, royalty, rent, natural resource payment or management charge derived by a non - resident person.”

4. Amendment of section 88 of principal Act.

Section 88 of the principal Act is amended by substituting for subsection (5) the following—

“(5) Except for a public listed company, where an international agreement concluded by the Government of Uganda with another contracting state provides that income derived by a person resident in such other contracting state from sources in Uganda is exempt from Ugandan tax or is subject to a reduction in the rate of Ugandan tax, the benefit of that exemption or reduction shall not be available to any person who—

- (a) receives the income in a capacity which is other than that of a beneficial owner, within the meaning accorded to that term by the relevant international agreement, and who does not have full and unrestricted ability to enjoy that income and to determine its future uses; and
- (b) does not possess economic substance in the country of residence”.

5. Amendment of section 89A of principal Act.

Section 89A of the principal Act is amended—

7. Amendment of Second Schedule to principal Act.

The Second Schedule of the principal Act is amended—

- (a) by repealing paragraph 1(ta);
- (b) by substituting for paragraph 1(dda) the following—
 - “(ddaa) the supply of any goods and services to the contractors and subcontractors of hydroelectric power, solar power or geothermal power projects;” and
- (c) in subsection (1)(s) by inserting immediately after paragraph (xxiii) the following—
 - “(xxiv) hullers;
 - (xxv) oil press;
 - (xxvi) tillers;
 - (xxvii) grain dryers;
 - (xxviii) manure spreaders;
 - (xxix) fertilizer distributor;
 - (xxx) transplanters;
 - (xxxi) juice presses and crushers;
 - (xxxii) seed and grain shellers;
 - (xxxiii) silage chopper machines;
 - (xxxiv) color sorters for coffee;
 - (xxxv) coffee roasters;”.

Cross Reference

Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013, Act No. 4 of 2013