
BILLS

SUPPLEMENT No. 4

30th March, 2020

BILLS SUPPLEMENT

to The Uganda Gazette No. 21, Volume CXIII, dated 30th March, 2019

Printed by UPPC, Entebbe, by Order of the Government.

Bill No. 8

Value Added Tax (Amendment) Bill

2020

THE VALUE ADDED TAX (AMENDMENT) BILL, 2020

MEMORANDUM

The object of this Bill is to amend the Value Added Tax Act, Cap. 349; to restrict a taxable person from claiming input tax credit in respect of specific construction of commercial building; to exempt Islamic Development Bank from tax; to re require an owner of a commercial building to account for tax for each building separately; to provide for exemptions from tax for specified supplies and other related matters.

MATIA KASAIJA, (MP)

Minister of Finance, Planning and Economic Development

THE VALUE ADDED TAX (AMENDMENT) BILL, 2020

ARRANGEMENT OF CLAUSES

Clause

1. Commencement
2. Amendment of the Value Added Tax Act, Cap. 349
3. Amendment of section 42 of principal Act
4. Amendment of the First Schedule to principal Act
5. Amendment of Second Schedule to principal Act

A Bill for an Act

ENTITLED

THE VALUE ADDED TAX (AMENDMENT) BILL, 2020

An Act to amend the Value Added Tax Act, Cap. 349; to restrict a taxable person from claiming input tax credit in respect of specific construction of commercial building; to exempt Islamic Development Bank from tax; to re require an owner of a commercial building to account for tax for each building separately; to provide for exemptions from tax for specified supplies and other related matters.

BE IT ENACTED by Parliament as follows:

1. Commencement.

This Act shall come into force on 1st July, 2020.

2. Amendment of the Value Added Tax Act, Cap. 349.

The Value Added Tax Act, in this Act referred to as the principal Act is amended in section 28—

- (a) by inserting the words “or in case of manufacturers, not more than twelve months before the date of registration” at the end of subsection (3).
- (b) by inserting immediately after subsection (4) the following—

“(4a) An owner of more than one commercial building shall account for tax for each commercial building separately and shall not claim tax credits on inputs used in the construction of an incomplete building against the tax collected from a completed commercial building.

(4b) A taxable person who is allowed a tax credit on purchase of goods and services from a supplier who is designated to use the e-invoicing system, shall only claim a tax credit on expenses supported by e- invoices or e-receipts. ”

3. Amendment of section 42 of principal Act

Section 42 of the principal Act is amended by inserting immediately after subsection (2a), the following—

“(2b) The amount off set under subsection 2(a) shall be for a maximum period of three months after which, the taxable person shall claim a refund in accordance with subsection (1).”

4. Amendment of the First Schedule to principal Act

The First Schedule is amended by inserting immediately after “International Telecommunications Union” the following—

“Islamic Development Bank”

5. Amendment of the Second Schedule to principal Act

The Second Schedule to principal Act is amended—

- (a) by inserting immediately under paragraph (s) immediately after paragraph (xxxvii) the following—

“(xxxviii) trailer for agricultural purposes;

(xxxix) combine harvesters.”

- (b) by substituting for paragraph (pp) the following-

“(pp) supply of services to conduct a feasibility study and design; the supply of locally produced materials for the construction of a factory or a warehouse and the supply of locally produced raw materials and inputs or machinery or equipment, to an operator within an industrial park, free zone or any other person carrying on business outside the industrial park or free zone and whose investment capital is at least ten million United States Dollars in the case of a foreigner or one million United States Dollars in the case of a citizen for ten years who, subject to availability, uses at least fifty percent of locally sourced raw materials and employs at least one hundred citizens and—

- (i) processes agricultural goods;
- (ii) manufactures or assembles medical appliances, medical sundries or pharmaceuticals, building materials, automobile, house hold appliances;
- (iii) manufactures furniture, pulp, paper, printing and publishing of instructional materials;
- (iv) establishes or operates vocational or technical institutes;
- (v) carries on business in logistics and ware housing, information technology or commercial farming; or

- (vi) the manufacture of tyres, footwear, mattress or toothpaste;”.

- (c) by inserting immediately after paragraph (eee) the following—
 - “(fff) supply of digital stamps for purposes implementing tax verification, quality and safety system;
 - (ggg) supply of cotton seed cake;

 - (hhh) the supply of the following imported services—
 - (i) software and equipment installation services to manufactures;
 - (ii) services incidental to tele-medical services; and
 - (iii) royalties paid in respect of agricultural technologies;
 - (III) the supply of accommodation in tourist hotels and lodges located up-country;
 - (jjj) the supply of liquefied gas;
 - (kkk) the supply of processed milk.”