



**KALIKUMUTIMA
& CO ADVOCATES**

Translating Visions into Reality

Tax Amendments

Personal Details

Your first name and initial

Last name

Phone Number

Nationality

Address (street and number), see instructions.

City, town, street and ZIP code, see instructions.

► Checking a box for confirmation (See instructions on page 12)

☐ Single
☐ Married

☐ You ☐ Spouse
☐ Divorced
☐ Others

Document No.38520-1

Number 1

Number 2

The number above is required.

Status

Check only one box.

Income

1 It is a process to allow an organization to focus resources on

Proposed **VAT Amendments** for 2024



Value Added Tax (VAT)

is an indirect tax levied on the sale and purchase of goods and services, ultimately borne by the final consumer rather than the business. Many Ugandan businesses are reluctant to pay VAT, yet they act as withholding agents for the Uganda Revenue Authority (URA).

Additionally, VAT is only charged on taxable supplies that is standard rate of 18% and zero-rated supplies.

How and When to Remit VAT

URA has developed a system called EFRIS (Electronic Fiscal Receipting and Invoicing Solution) to facilitate VAT collection. Remitting VAT is straightforward: log in to the URA portal, submit details of sales and purchases, and a one-time password will be sent to authorize the issuance of an e-invoice and e-receipt. VAT must be remitted by the 15th day of the following month or the 15th day after any three consecutive months.



Proposed Amendments

The proposed amendments to the VAT Act address several key areas:

Increase in VAT Refund Threshold:

The Value Added Tax (Amendment) Bill 2024 seeks to raise the VAT refund threshold from UGX. 5 million to UGX. 10 million.

Classification of Auctioned Goods:

This amendment encapsulates financial institutions recovering money from defaulters through auctions. Banks often sell off properties held as collateral, such as movable properties, to recover outstanding loan amounts, interest, and charges. The proposed amendment stipulates that the recipient of auction proceeds must pay VAT on the payment received. This change emphasizes the importance of timely loan repayments, as auctioned properties will incur an additional 18% VAT. This could impact the banking industry due to the added costs for defaulters.



VAT on Goods Supplied by Employers to Employees:

The amendment states that if an employer, who is a taxable person, provides goods or services to an employee without charge, it will be considered a supply for business purposes. The employer must account for VAT on the value of these goods or services as if they were sold as part of normal business activities. For example, if a company pays for an employee's gym membership, the company must account for output tax on the membership's value. This provision aims to prevent tax avoidance and ensure benefits to employees are declared as part of business income.

- Employers must determine the taxable value of the goods or services provided to employees, which will be subject to tax.
- Employers must account for output tax on the taxable value of these goods or services, as they would for normal business activities.
- If the goods or services are used for business purposes, employers may claim an input tax credit for the tax paid.

New VAT Exemptions: The following items will be exempt from VAT:

- Supply of electric vehicle charging equipment or services.
- Supply of hoes.
- Supply of pesticides.
- Supply of locally manufactured electric vehicles or their locally fabricated frames and bodies.

These amendments aim to streamline VAT processes, encourage compliance, and ensure fair taxation across various sectors.



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