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AGENCY NOTICES

IN UGANDA

In Uganda under the Constitution, Article 152 stipulates that it's a mandate to pay taxes. It should be noted that Uganda operates a self-assessment system where by a tax payer can assess their liability and make a payment. Under the Tax Procedure Code Act, a tax pay can self-assess to determine his/her chargeable income and the tax due and payable. A taxpayer who does not submit a self-assessment return will be evaluated by the Commissioner based on the best available information. In case a tax payer fails to make the assessment, the Commissioner can then initiate the assessment towards a tax payer. In case the assessment is outrageous, the tax payer has a right to object the assessment and negotiations can commence between the taxpayer and URA.

A third party receiving an agency notice is required to remit the specified funds to the Uganda Revenue Authority (URA) by the due date indicated in the notice, which is typically the date the notice is served to the third party unless otherwise stated by law. If the notice is in regard to customs, the law seemingly allows a third party up to 30 days from the time of service of the notice and is a common ground of dispute with the URA.

It must be noted: non-compliance to the agency notices attracts a penalty. The recommendations to enhance the effectiveness of the agency notices include; periodically reviewing the processes and systems involved in issuing agency notices to identify inefficiencies, bottlenecks, or areas for improvement. Gather feedback from taxpayers, third parties, and URA staff to inform any necessary updates or reforms and regularly updating the legal and procedural frameworks for issuing agency notices to ensure they remain in line with international best practices, technological advancements, and evolving tax laws.

Conclusively, agency notices play a crucial role in ensuring the effective collection of taxes and enforcement of compliance in Uganda. They serve as a vital tool for the Uganda Revenue Authority (URA) to directly involve third parties in the tax collection process, thus enhancing revenue mobilization. However, for the agency notice system to reach its full potential, improvements are needed in areas such as digitalization, clarity, enforcement, and stakeholder engagement. By streamlining the process, improving communication, and providing better education and support for both taxpayers and third parties, Uganda can create a more efficient, transparent, and equitable tax environment. Strengthening the legal and regulatory framework, along with fostering a culture of compliance, will ultimately help to improve the nation's tax system, enhance public trust, and support sustainable economic growth.

In the process, the tax payer can request for a payment plan in regard to their tax liability. However, in case of failure to pay, the Commissioner can issue an agent notice directing any person who: owes, or may later owe, money to the taxpayer, holds, or may later hold, money on behalf of the taxpayer, holds money on behalf of another person for payment to the taxpayer or has authority from another person to make payments to the taxpayer, to remit the specified amount in the agency notice to the URA.

Agent Notice are formal communications issued by a tax authority (such as a revenue department or tax agency) to notify a third party, such as an employer, bank, or other financial institution, of a taxpayer's outstanding tax obligations. These notices are typically used when a tax authority seeks to enforce payment or compliance by informing a third party that they must take certain actions, such as withholding amounts owed from the taxpayer's funds or assets.

The application and enforcement of agency notices differ based on the type of tax in question.
For example, Agency notices related to stamp duty liabilities are governed by the Stamp Duty Act, those concerning customs duties fall under the East African Community Customs Management Act (EACCMA), while those concerning domestic taxes such as income tax, value-added tax, excise duty, and gaming taxes, the provisions of the Tax Procedures Code Act (TPCA) apply.

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