

ACTS SUPPLEMENT

to The Uganda Gazette No. 42, Volume CXII, dated 30th August, 2019

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

Act 14

The Value Added Tax (Amendment) Act

2019

THE VALUE ADDED TAX (AMENDMENT) ACT, 2019

ARRANGEMENT OF SECTIONS

Section

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

THE VALUE ADDED TAX (AMENDMENT) ACT, 2019

An Act to amend the Value Added Tax Act, Cap. 349; to define a citizen; to provide for the percentage of withholding tax to be remitted and to provide tax incentives to investors by exempting certain supplies from Value Added Tax.

DATE OF ASSENT: 30th June, 2019.

Date of Commencement: 1st July, 2019.

BE IT ENACTED by Parliament as follows:

1. Commencement.

This Act shall come into force on 1st July, 2019.

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

The Value Added Tax Act, in this Act referred to as the principal Act is amended in section 1 by inserting immediately after paragraph (aa) the following—

“(aaa) “citizen” means—

- (a) a natural person who is a citizen of a Partner State of East African Community;
- (b) a company or a body of persons incorporated under the laws of a Partner State of the East African Community in which at least fifty-one percent of the shares are held by a person who is a citizen of a Partner State of East African Community;”

3. Amendment of section 5 of principal Act

Section 5 of the principal Act is amended—

- (a) by substituting for subsection (2) the following—

“(2) The Minister shall, by notice in the Gazette, designate a person who shall withhold tax on payment of taxable supplies.”;

- (b) by inserting immediately after subsection (2) the following—

“(2a) A person designated under subsection (2), shall remit to Uganda Revenue Authority, six percent of the taxable value referred to in sections 21 and 23 of this Act.

(2b) Subsection (2a) does not apply to a taxable person who the Commissioner General is satisfied has regularly complied with the obligations imposed on a taxable person under this Act.

(2c). The six percent of the taxable value withheld by a person designated under subsection (2) shall be recognized as a payment in the subsequent value added tax return of the tax payer from whom the tax is withheld.”

4. Amendment of First Schedule to principal Act.

The First Schedule to the principal Act is amended by inserting immediately after “United Nations High Commission for Refugees” the following—

“United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)”

5. Amendment of Second Schedule to principal Act.

The Second Schedule to the principal Act is amended in paragraph (1)—

- (a) by inserting immediately after subparagraph (d) (iv) the following—

“(v) aircraft insurance services.”;

- (b) by inserting immediately after subparagraph (s) (xxxv) the following—

“(xxxvi) rice mills;

(xxxvii) agricultural sprayers.”;

- (c) by substituting for the words “one hundred” wherever they appear in subparagraphs (mm), (nn) and (oo) the word “fifty”;

- (d) 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 and equipment to an operator within an industrial park, free zone or to an operator who owns a single factory or other business outside the industrial

park or free zone whose minimum investment capital is ten million United States Dollars in the case of a foreigner or one million United States Dollars in the case of a citizen, who uses at least seventy percent of the raw materials that are locally sourced, subject to their availability and at least sixty percent of the employees are citizens and who—

- (i) processes agricultural goods;
 - (ii) manufactures or assembles medical appliances, building materials, automobile, household appliances;
 - (iii) manufactures furniture; or
 - (iv) carries on business in logistics and warehousing, information technology or commercial farming.”;
- (e) by substituting for the word “fifteen” wherever it appears in subparagraphs (pp) and (vv) the word “ten”;
- (f) by inserting immediately after paragraph (yy), the following—
- “(zz) the supply of services to conduct a feasibility study, design and construction; the supply of locally produced materials for the construction of premises and other infrastructure, machinery and equipment or furnishings or fittings for technical or vocational institute operators 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;

- (aaa) the supply of imported drugs, medicines and medical sundries;
- (bbb) the supply of imported mathematical sets and geometry sets used in educational services;
- (ccc) the supply of woodworking machines;
- (ddd) the supply of welding machines and sewing machines;
- (eee) supply of imported crayons, colored pencils, lead pencils, rulers, erasers, stencils, technical drawing sets, educational computer tablets, educational computer applications or laboratory chemicals for teaching science subjects used in educational services.”

6. Amendment of Third Schedule to principal Act.

The Third Schedule to the principal Act is amended by substituting for paragraph (c), the following—

- “(c) the supply of drugs, medicines and medical sundries manufactured in Uganda;”