

ACTS SUPPLEMENT

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Act 19

Value Added Tax (Amendment) Act

2020

THE VALUE ADDED TAX (AMENDMENT) ACT, 2020

ARRANGEMENT OF SECTIONS

Section

1. Commencement
2. Amendment of Value Added Tax Act.
3. Amendment of First Schedule to principal Act
4. Amendment of Second Schedule to principal Act

THE VALUE ADDED TAX (AMENDMENT) ACT, 2020

An Act to amend the Value Added Tax Act, Cap. 349 to exempt the Islamic Development Bank from tax; to provide for exemption from tax for specified supplies and other related matters.

DATE OF ASSENT: 30th June, 2020.

Date of Commencement: 1st July, 2020.

BE IT ENACTED by Parliament as follows:

:

1. Commencement.

This Act shall be deemed to have come into force on 1st July, 2020.

2. Amendment of Value Added Tax Act.

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 manufacture of goods for sale or use more than twelve months before the date of registration” at the end of subsection (3).
- (b) by inserting immediately after subsection (3) the following—

“(4a) 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 First Schedule to principal Act

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

“Islamic Development Bank”.

4. Amendment of Second Schedule to principal Act

The Second Schedule to the principal Act is amended—

(a) in paragraph (s) by inserting immediately after subparagraph (xxxvii) the following—

“(xxxviii) trailer for agricultural purposes;

(xxxix) combine harvesters;

(xl) tractor mounted hay mowers, slashers, rakes and tedders; crop sprayers; hay and straw balers; tractor mounted hole diggers or borers; tractor mounted scrapers, levelling blades and dam scoops; root or tuber harvesting machinery; tractor mounted loaders; irrigation equipment; drinkers and feeders for all farm animals; tuber harvesting machinery”;

(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 whose minimum investment capital is ten million United States Dollars in the case of a foreigner or three hundred thousand United States Dollars in case of a citizen; or one hundred fifty thousand United States Dollars, for a citizen whose investment is placed upcountry who uses at least seventy percent of the raw materials that are locally sourced, subject to their availability and at least seventy percent of the employees are citizens earning an aggregate wage of at least seventy percent of the total wage bill; and who —

- (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 out business in logistics and warehousing, information technology or commercial farming; or
 - (vi) manufactures tyres, footwear, mattresses or toothpaste.”;
- (c) by inserting immediately after paragraph (eee) the following—