

Thabi
One of the
RSM team



UGANDA TAX HIGHLIGHT – TAX PROCEDURES ACT : ALTERNATIVE DISPUTE RESOLUTION PROCEDURES IN UGANDA

Introduction

Alternative dispute resolution (ADR) procedure was enacted in the Tax Procedures Code Act, Section 24 (11) amendment of 2021 as a voluntary facilitated process of settling tax disputes between a taxpayer and the Commissioner where the taxpayer is dissatisfied with the objection decision of the Commissioner.

Application for an ADR procedure

This may be made within seven days after being served with a tax decision and this shall be in writing using the form prescribed in the schedule to the regulations.

Process

- The pre-filled application along with a cover letter is submitted to the Uganda Revenue Authority (URA) expressing your desire to resolve a tax dispute through the ADR process;
- Upon receipt of the application, the URA assigns a case manager to oversee the ADR process;
- The case manager conducts a preliminary review of the dispute to identify key issues and potential solutions;
- A face-to-face meeting is scheduled between the taxpayer and representatives from the URA, including the case manager, legal department and other relevant personnel. During this meeting, both parties present their arguments, evidence, and proposed resolutions in a cooperative and non-adversarial manner.

Situations where ADR is not applicable

- The settlement is likely to contravene any law of Uganda;
- The matter in dispute is in regard to interpretation of the law;
- It is in the public interest to have the court or Tribunal determine the tax dispute.
- There is evidence of deliberate or consistent non-compliance by the taxpayer on the matter in dispute;
- The tax dispute relates to a case of an informer;
- An application is filed out of the time provided for under these regulations; and
- The tax dispute involves fraud.

If an agreement is reached during the ADR meeting, the parties collaborate to draft a formal agreement outlining the terms of the resolution. This agreement may include adjustments to tax liabilities, payment plans, or other remedies.



Why apply for the ADR (Pros)

The requirement to pay 30% of the tax in dispute as would be required if one opted to go to the Tax Appeals Tribunal (TAT) is not required;

It is one more opportunity to set aside a tax assessment;
Cheaper as there is no need for legal representation;

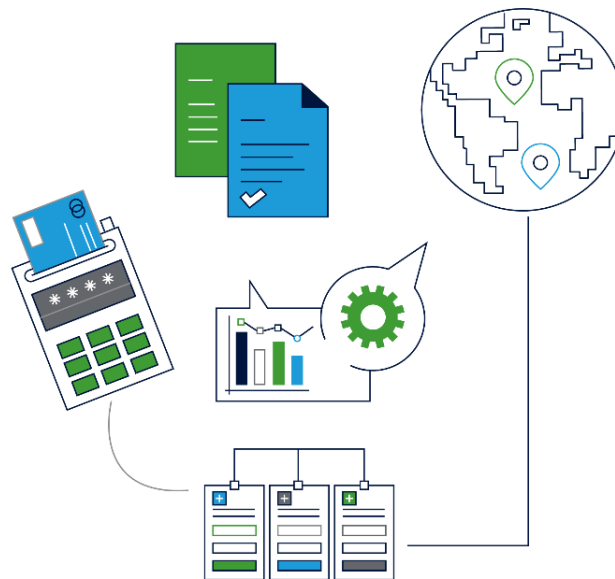
Matters for taxpayers to consider where ADR is concerned

Taxpayers must critically think through in deciding whether to pursue resolution through ADR or TAT in reaching a fair resolution to their tax dispute:

- A taxpayer who initiates ADR still has up to 30 days from date of tax decision to consider going to TAT. Please note that the ADR process can lead to missing out on applying to the TAT because it lacks a defined period for closure.

- Taxpayers should bear in mind that the ADR process or associated lengthy resolution cannot serve as a substantive reason for an extension in filing or going to TAT (Conta Plast Ventures Ltd vs. URA);
- Going to the TAT requires that the taxpayer pay 30% of the tax in dispute at the time of application. Careful consideration of the impact on the taxpayer's cash flows needs to be considered before proceeding with TAT;
- Although the ADR procedure involves an impartial team of reviewers, the objection team would still be consulted, thereby exerting influence on the ADR decision-making process;
- Going to TAT in many cases requires legal representation, which can be expensive.

Should you need any assistance/clarifications in respect of the above, please reach out to tax@ug.rsm-ea.com or your usual RSM contact.



CAVEAT

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