UGANDA BUDGET NEWSLETTER

2022 – 2023

THE POWER OF BEING UNDERSTOOD
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CONTENTS

ECONOMIC PERFORMANCE

GLOBAL ECONOMIC HIGHLIGHTS

- The global growth is expected to reduce from 5.9% in 2021 to 4.4% in 2022 (IMF World Economic Outlook, January 2022). Higher inflation is expected due to the supply chain shortages and high energy prices which are expected to persist in 2022. The forecasted growth reduced to 3.8% in 2023, although this is 0.2% higher than that initially forecasted due to the impact of uptake of COVID-19 vaccination (Refer to Table 1).
- China's share of global Gross Domestic Product (GDP) has been on the rise from 2010 growing from 13.68% to 18.33%. This was previously projected to rise further to 20.19% by 2026, but may be lower due to effects of the COVID -19 pandemic.
- The war in Ukraine and economic sanctions on Russia have put global energy supplies at risk. Russia supplies around 10% of the world's energy (including 17% of natural gas and 12% of oil). The leap in oil and gas prices will add to industry costs and reduce consumers' real incomes. Outright shortages and energy rationing are possible in Europe if there is an abrupt halt to Russian supply.
- The Russia-Ukraine conflict will affect countries and regions in four main ways.
  - Firstly, geopolitical tensions have risen substantially, with a major interstate war taking place on the EU's (and NATO's) border, setting Russia-West relations back by several decades.
  - Secondly, the surge in energy and other commodity prices (such as wheat and other cereals) will lead to greater anti-incumbent sentiment in many countries. This could prompt many governments to cushion the impact on consumers and voters through higher public spending thereby widening their fiscal deficits. Central banks may be forced to raise rates higher or faster than expected, with the risk of over-tightening and triggering slowdowns or even recessions.
  - Thirdly, the momentum for economic reforms will wane, as governments will need to address immediate concerns about their citizens' livelihoods and similar issues.
  - Fourthly, countries that rely on Russia as an economic or security anchor could become destabilised.
- As the pandemic eases its grip, higher inflation is expected to decline as supply chain disruptions ease, monetary policies tighten and the rapid increase in fuel prices also expected to moderate during 2022-2023. Oil prices are expected to increase by 12% and natural gas by 58% (both considerably lower than seen in 2021) and food prices by 4.5% in 2022.

Table 1

Real GDP growth (%)	2017	2018	2019	2020	2021e	2022*	2023*
Advanced economies	2.5	2.3	1.6	-4.5	5.0	3.9	2.6
Japan	1.7	0.6	0.3	-4.6	1.6	3.3	1.8
UK	1.7	1.3	1.4	-9.8	7.2	4.7	2.3
USA	2.3	3.0	2.2	-3.4	5.6	4.0	2.6
Euro Area	2.6	1.9	1.3	-6.3	5.2	3.9	2.5
Emerging and developing areas	6.6	6.4	5.3	-2.0	6.5	3.5	2.9
China	6.9	6.7	5.8	2.3	8.1	4.8	5.2
India	6.8	6.5	4.0	-7.3	9.0	9.0	7.1

*Forecast Source: IMF

e - Estimate

SUB-SAHARAN ECONOMIC HIGHLIGHTS

- According to IMF, growth in the sub-Saharan African region is projected to be 3.6% in 2022 and 3.8% in 2023 (Refer to Table 2).
- The World Bank predicts elevated commodity prices are expected to support near-term recovery across the region, with higher oil prices and the gradual easing of OPEC production cuts benefiting Nigeria and Angola. Growth in Nigeria is expected to exceed 2.5% in 2022 and 2.8% in 2023, while Angola's economy is projected to grow by 3% on average in 2022-23. Growth in South Africa is forecast to moderate to its pre-pandemic trend, being held back by structural impediments and elevated levels of public debt.

- High prices for food commodities like coffee and cotton will benefit agricultural exporters (Ethiopia, Kenya, and Tanzania), however, this will also contribute to higher inflation within the countries. The IMF states that for some countries, expansion of agricultural activities will be constrained by a variety of uncertainties, including droughts and lower than average rainfall as well as intensifying conflict within the region.
- 2022 will embrace the DRC joining the East African Community which will greatly influence trade and bloc bargaining power within the region. This is because DRC includes a consumer market of approximately 90 million people and is an economy rich in all kinds of natural resources including diamonds, gold, copper and cobalt.
- The services, tourism and manufacturing sector have been adversely affected by the pandemic with sustained losses to income and employment, as well as elevated inflation holding back recovery in consumer spending. This has led to increasing insecurity, civil conflicts and retrained investment spending. With only around 8% of Africa's 1.4bn population fully vaccinated, there is a potential threat of renewed and more severe outbreaks, which could trigger recurrent disruption to activity. A prolonged pandemic could amplify past development and health challenges, derail structural and fiscal reforms, and result in lasting human capital losses.
- The IMF lists the top five economies to grow in Africa to be Seychelles, Rwanda, Mauritius, Niger and Benin which all look set to hit above 6% growth.

Table 2

Real GDP growth (%)	2017	2018	2019	2020	2021e	2022*	2023*
Sub-Saharan Africa	3.1	3.2	3.2	-1.7	4.0	3.7	4.0
Nigeria	0.8	1.9	2.2	-1.8	3.0	2.7	2.7
South Africa	1.4	0.8	0.2	-6.4	4.6	1.9	1.4
Kenya	4.8	6.3	5.4	-0.3	5.0	4.7	5.1
Tanzania	6.8	7.0	7.0	2.0	4.3	5.4	5.9
Ethiopia	10.2	7.7	9.0	6.1	2.4	4.3	6.5
Uganda	7.3	6.0	8.0	3.0	3.4	3.7	5.5

**Forecast* *Source: IMF & World bank.*

UGANDA ECONOMIC HIGHLIGHTS

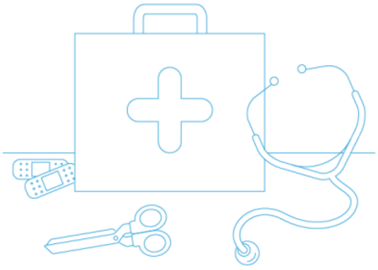
- The economy is projected to expand to Shs. 162.1 Trillion for the financial year ending 30th June 2022 equivalent to US Dollars 45.7 Billion.
- According to a study by the Monetary Policy Statement (MPC) Inflation is increasing rapidly and is spreading broadly across consumer goods and services. The prices of essential commodities such as cooking oil, soap, food, fuel and transportation have risen sharply. Supply and demand imbalances that were caused by the COVID-19 pandemic and heightened by the Russia -Ukraine conflict are the main underlying sources of broader price pressures.
- Economic activity has grown to 4.6% per annum this financial year up from 3.5% of last year.
- Uganda's GDP per capita has increased to US Dollars 1,046 in current prices, which is equivalent to Uganda Shs. 3.7 million per person per year.
- The services sector is expected to grow by 3.8% up from 2.8% growth last financial year and is projected to contribute 41.5% to GDP.
- Commercial bank lending rates for Shilling denominated loans marginally declined to 18.8% in the 10 – month period to April 2022, down from 19.1% in the same period in the previous year.
- Foreign direct investment has rebounded strongly to US Dollars 1.36 billion in the year to April 2022 from US Dollars 892 million in the same period a year before.
- International reserves at the end of April 2022 increased to US$ 4.54 billion, equivalent to about 4.6 months of imports. This was an increase from US Dollars 3.57 billion as at April 2021.

- Revenue collection target in financial year 2021/22 Budget was Shs. 22.425 trillion. Total revenue collection is now projected at Shs. 21.486 trillion. This represents a shortfall of Shs. 939 billion.
- Domestic revenue collection this financial year has improved compared to last year on account of improved tax administration and increased economic activity following the full re-opening of the economy in January 2022.
- The fiscal deficit this Financial Year 2021/22 is estimated at 7.3 percent of GDP which is lower than the 9 percent fiscal deficit registered in Financial Year 2020/21.
- Uganda's total public debt stock stood at Shs. 73.5 trillion (equivalent to USD 20.7 Billion), of which external debt amounted to Shs. 45.72 trillion (equivalent to US Dollars 12.9 billion) and domestic debt amounted to Shs. 27.77 trillion (equivalent to US Dollars 7.84 billion). This represents nominal Debt to GDP ratio of 49.7 percent.
- The rise in the debt stock was mainly on account of the need to support the economy and preserve the welfare of households a result of COVID 19, and other external and domestic shocks. Debt was also used to finance the shortfalls in domestic revenue.

SECTOR PERFORMANCE

HEALTH

- A total of 16 million people, equivalent to 72 percent of the targeted 22 million persons have received at least one vaccine dose against Covid19.



- There has been strengthening of health care systems, including regional and national referral hospitals by equipping 143 Intensive Care Units (ICUs).
- 255 Health Centre IIs- have been upgraded to Health Centre IIIs, and the recruitment of 400 health workers.
- Funding has been made for scientific research and development, including COVID vaccines development and innovative therapeutics such as COVIDEX.

COVID-19 EMERGENCY RESPONSE

- COVID-19 restrictions across the world, which disrupted supply-chains, have consequently caused a shortage of intermediate raw materials used to produce some essential commodities.
- The global economy has faced high shipping costs arising from limited availability of containers, and higher fuel prices; all together leading to supply shortages globally.
- The full opening of economies globally following relative containment during the COVID-19 pandemic lockdowns has led to a rapid rise in aggregate demand for a number of fast-moving-goods beginning with oil, yet production levels have been constrained by Covid-19 restrictions.
- The situation has been worsened by the Russia-Ukraine conflict, which has further disrupted the supply of oil, cereals such as wheat, maize, and sunflower oil, as well as essential metals like aluminium and nickel. The two countries are major producers and exporters of these commodities.
- Shs. 53.5 Billion as cash relief was granted to adversely affected people, including boda-boda riders, salon workers, food vendors, private school teachers, ghetto residents, and street vendors.
- During the pandemic, learning continued with the provision of home-learning materials across the country. Following the full reopening of schools, an additional 2,900 primary and secondary school teachers have been recruited and deployed to help the learners to catch up on lost time.

FINANCING, TRADE AND TOURISM

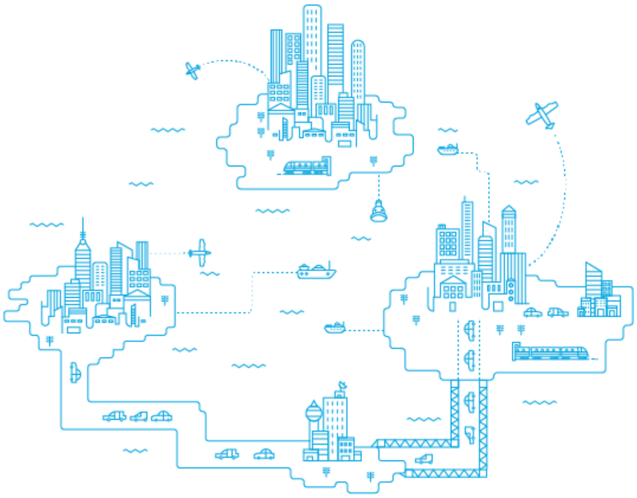
- Bank of Uganda extended credit relief to enable borrowers unable to service their loans during the pandemic to restructure them. Loans totalling Shs. 7.2 trillion, representing 40% of total loans, were restructured over the period.
- Domestic arrears to private sector suppliers of goods and services to Government totalling Shs. 526 billion were cleared. In addition, court awards amounting to Shs. 57 billion were settled.
- The Microfinance Support Centre (MSC) was funded to support micro-businesses through the Emona Fund (Shs. 100 billion) and support to SACCOs (Shs. 27 billion).
- 6,600 SACCOs and 205,000 savings groups have been established across the country operating a total of 4.1 million accounts.
- Shs. 200 billion Small Business Recovery Fund has been established in partnership with Bank of Uganda supervised financial institutions to offer credit at a subsidised interest rate of 10% percent per year for small businesses that do not fall under Emona and at the same time do not qualify for the UDB funding.
- To support the recovery of medium and large-scale businesses, Uganda Development Bank (UDB) was capitalized to the tune of Shs. 636 billion which was fully disbursed by May 2022 at an interest rate of 12% per annum.

AGRICULTURE, INCOMES, POVERTY AND EMPLOYMENT

- Coffee receipts increased by US Dollars 279.5 million to US Dollars 811 million in the same period.
- Government also disbursed the Shs. 20 billion to Teachers' SACCO to support them recover from the pandemic
- Uganda Development Corporation (UDC) received Shs. 160.7 billion this financial year to make equity joint venture investments.
- The Agricultural Credit Facility disbursed a total of Shs. 67.42 billion to 1,057 borrowers as at June 2022 and has financed a total of 3,120 farmers across the country to a tune of Shs. 737.30 billion.
- Following amendment of the National Social Security Fund (NSSF) Act to allow mid-term access for qualifying members, a total of Shs. 420 billion has so far been paid out to about 21,500 beneficiaries.
- Women entrepreneurs, have received a US Dollar 217 million grant from the World Bank to provide funding in the coming months to middle level businesses managed by women to support their growth and create jobs.
- In financial year ending June 2022, Shs 234 billion was provided for the implementation of the Parish Development Model.

TRANSPORT INFRASTRUCTURE

- In a recent supplementary budget, Government provided Shs. 112.5 billion to facilitate the UPDF to carryout operations and the Ministry of Works and Transport to construct security roads in the Karamoja sub-region.



- Construction and up-grading of 20 national roads covering a total distance of 1,437 kilometres has been completed.
- Rehabilitation commenced of the 160 kilometres of Tororo-Gulu Meter Gauge Railway and the 265 kilometres of Tororo-Namanve Railway line section. The procurement of locomotives is on-going
- Continuation with the compensation and acquisition of right of way for the Kampala – Malaba Standard Gauge Railway line.
- Rehabilitation of the Entebbe International Airport stands at 75 percent completion and the Kabaale International Airport at 72 percent.
- Maintenance of 5,200 kilometres of paved and 15,350 kilometres of unpaved national and city roads, and 21,831 kilometres of unpaved Local Government and Community roads has been undertaken.

ENERGY INFRASTRUCTURE

- National electricity access today stands at 57% of which, 19% is on the main grid and 38% off-grid, including solar power.
- Uganda's total electricity generation capacity has increased from 1,268 megawatts in Financial Year 2019/2020 to 1,347 megawatts in Financial Year 2021/2022.
- The 42 megawatts Achwa I, the 21 megawatts Nyamagasani, and the 15.5 megawatts Sugar Corporation of Uganda Limited (SCOUL) plants have been completed.
- The transmission network increased from 3,100 kilometres in financial year 2020/2021 to 3,431 kilometres as at the end of the third quarter financial year 2021/22 as a result of the commissioning of the Karuma-Kawanda 400 kV and Karuma-Olwiyo 132 kV Transmission Lines. The Luzira Sub-station was completed and will be commissioned after completion of the 15 kilometres 132kV transmission line.

SAFE WATER AND SANITATION

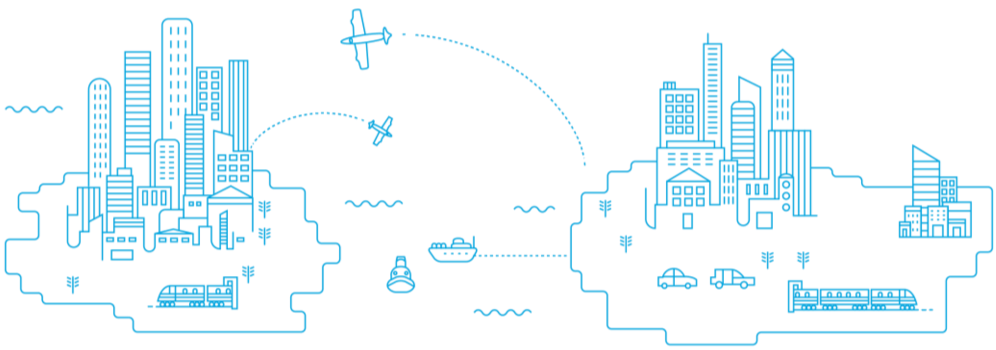
- National safe water coverage now stands at 69.8%, with coverage in rural areas at 68% and 71.6% in urban areas.
- Five medium-scale irrigation schemes in Ngenge (Kween), Rwengaaju (Kabarole), Tochi (Oyam), Mubuku II (Kasese), and Doho II (Butaleja).
- One Hundred and Six (106) small scale irrigation schemes in the Districts of Bugiri, Bukedea, Tororo, Iganga, Mbale, Kapchorwa, Pakwach, and many others.
- Substantial completion of Katosi Water Treatment Plant, which will produce 160 million litres of water per day.
- Upgrading of Kapeeka Water Supply System to 5 million litres per day, double the current capacity.
- Rehabilitation and expansion of the Sembabule Water Supply Project. The Plant is now able to produce 30 million litres per day.

PEACE SECURITY AND IMPROVING GOVERNANCE

- The first Phase of the CCTV camera project was successfully implemented with the installation of over 3,000 cameras country wide.
- Business Tendency Index (BTI) has increased by 20.8%. The BTI measures the level of optimism that executives have about current and expected outlook for production, order levels, employment, prices and access to credit.
- Purchasing Managers' Index (PMI) has increased by 48.8%. The PMI is an indicator of business activity both in the manufacturing and services sectors.
- The Composite Index of Economic Activity (CIEA) has increased by 4.3%. The CIEA represents the monthly underlying forces in the national economy.

EXPORTS AND IMPORTS

- Total export receipts of goods and services amounted to US Dollars 5.74 billion in the 12 months to April 2022, down from 6.2 billion in the previous 12 months.
- Merchandise exports reduced by US Dollars 858 million in the same period.
- Private sector imports of goods have increased significantly to US Dollars 6.4 billion in the year to April 2022 from US Dollars 5.0 billion in the previous 12 months. This increase is attributed largely to investments in the oil and gas sector.



BUDGET HIGHLIGHTS

AGRICULTURE

- Increase in global demand for some commodities we produce and export, such as coffee, livestock, tea, and other food products.
- Support to private sector industries particularly in agro-industry, light manufacturing and value-addition to our minerals.
- Agriculture production will be enhanced using the first pillar of the Parish Development Model – that addresses production, agro-processing, and marketing, through enhanced access and entry to national, regional and global markets which value chain approach allows development of sustainable linkages.

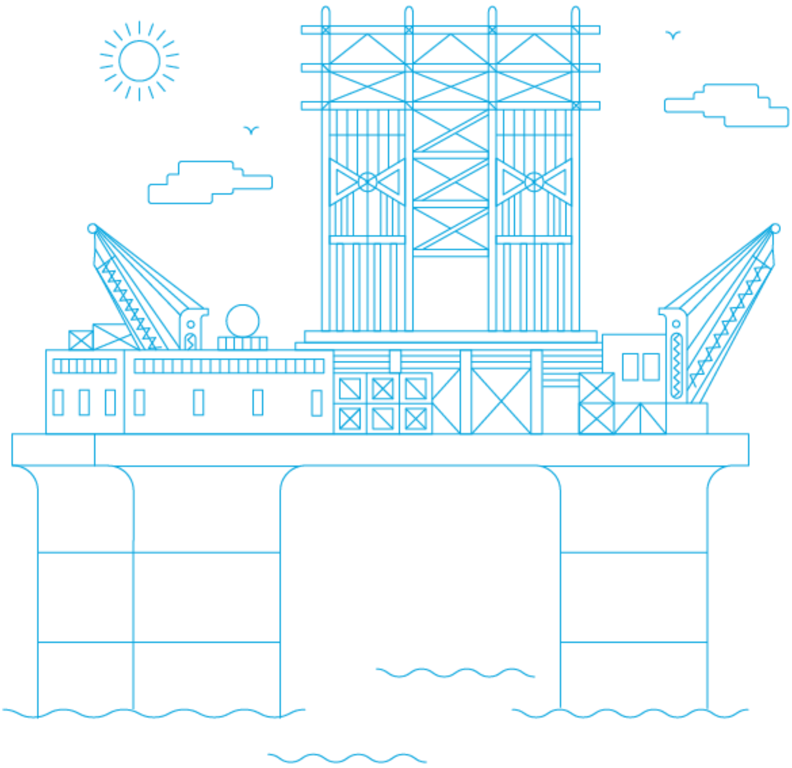
- Development of key commodities value chains that have a high impact on transforming the 39 percent of households in subsistence into the money economy. These include coffee, beef and dairy cattle, poultry, fish, piggery, fruits, and food crops for intensive farming. The rest of the enterprises including cassava, bananas, rice, Irish potatoes, millet, cotton, tea, cashew-nuts, among others, will also be supported but for relatively big farmers.
- Expansion of irrigation schemes and providing community and individual on-farm water for production to minimise reliance on rain-fed agriculture; and ensuring sustained agricultural production
- Enhancement of research, breeding and appropriate technology development through the National Animal Genetic Resources Centre and Data Bank (NAGRC & DB) and the National Agriculture Research Organisation (NARO).
- Investment in, and effective regulation of production, multiplication and certification of quality agricultural inputs including seeds, seedlings, stocking materials, and fertilizers.
- Enhancement of enterprise selection through enhanced farmer education and general agricultural extension, as well as pest and disease control at Parish level.
- Promotion of appropriate land use, mechanisation, cooperatives, and development of partnerships with large-scale farmers to produce for export and industrial value addition.
- Supporting fishing communities by developing hatcheries, fish ponds, and equipping them with engines, nets etc.
- Shs. 564.39 billion has been allocated to increase production and productivity through the Ministry of Agriculture Animal Industry and Fisheries.
- Expanding storage and processing capacity for agricultural commodities within the 18 zones of the country.
- Enhancing the use of the Warehouse Receipt System to improve commodity storage, reduce post-harvest losses, improve value chain management, and increase income to farmers.
- Enhancing implementation of the Export Development Strategy including carrying out negotiations for access and entry to regional and international markets.
- Establishing fully serviced industrial parks.
- Promoting investment in strategic industries such as manufacture of pharmaceuticals, industrial sugar, starch, herbal extracts and cotton-based medical sundries.
- Finalising the enactment of pending legal instruments, for example, the Competition Bill and the Consumer Protection Bill, Anti-counterfeits and Quality Product laws.
- Developing a master plan for the Zombo Tea Factory and establishing enabling infrastructure including water and electricity.
- Expanding the Soroti Fruit Factory by installing additional processing equipment and supporting establishment of 200 Aggregation and Collective Marketing Societies with cleaning, drying, grading and processing equipment.

ECONOMIC COVID 19 RECOVERY MEASURES

- Expediting improvement of alternative fuel import routes across Lake Victoria to avoid possible unnecessary supply disruptions.
- Expediting commercial oil production and development of the oil refinery.
- Construction of the Military Referral Hospital in Mbuya is on schedule and within budget.
- Supporting farmers to grow more fast-maturing food and oil seeds to ensure sufficient domestic supply
- Maintaining a market-based determination of prices to support a continuous supply of the goods and services. This is intended to ensure that demand does not outstrip supply.
- Construct additional fuel storage infrastructure in the medium term, and stock them adequately.

MINERALS, ENERGY AND OIL & GAS ENDOWMENTS

- The construction of the East African Crude Oil Pipeline (EACOP) is expected to commence in the coming financial year.
- The capacity of the Uganda National Oil Capacity to invest in oil and gas development is to be enhanced.
- Government will develop Uganda's oil and gas resources in a responsible and sustainable manner for the benefit of all Ugandans.
- Shs. 904.1 billion is to be allocated towards the development and commercialisation of minerals, oil and gas.
- Commence the unit-by-unit commissioning of the 600 megawatts Karuma Hydro Plant in September 2022, with the plant being fully available in June 2023.
- Complete the Opuyo-Moroto, Lira-Gulu-Nebbi-Arua, Lira-GuluAgago and the Mutundwe – Entebbe 132kV transmission lines.
- Commence feasibility and design studies for the 400kv Uganda - South Sudan transmission line between Olwiyo – Nimule -Juba; the 400kV Uganda – Democratic Republic of the Congo interconnection and the 400KV Uganda – Tanzania transmission line.
- Shs 1.573 trillion to ensure the above three are undertaken.



FINANCIAL SECTOR STABILITY

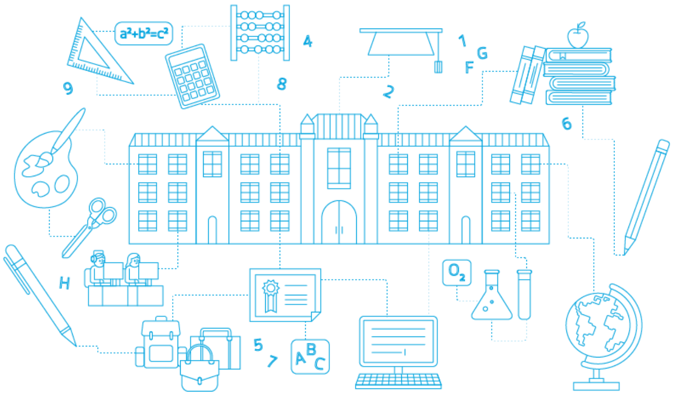
- UDB plans to disburse a further Shs. 351 billion by December this year.
- Active import substitution for goods that Uganda can produce and export competitively, such as pharmaceuticals.
- Fast tracking the implementation of the Parish Development Model which targets increased production of strategic commodities for domestic consumption and export.

ENHANCE ECONOMIC AND TECHNOLOGY INFRASTRUCTURE

- In order to integrate the 3.5 million households currently working in the subsistence economy into the money economy, and to proactively create wealth and jobs, the Parish 18 Development Model (PDM) is going to be fully implemented in the coming financial year.
- Recruitment of Parish Chiefs by all districts; data collection, verification of beneficiaries, establishment of SACCOs; setting up of the PDM Management Unit in the Ministry of Local Government; and sensitisation and mobilisation, among others.
- A total of Shs. 1.059 trillion for full implementation of the PDM. Each of the 10,594 parishes in the country will receive Shs. 100 million as a revolving fund, earmarked for purchase of agricultural inputs by households still in subsistence.
- The PDM will be complemented by other Government programmes such as the Emyooga Fund; the Microfinance Support Centre credit to other SACCOs and Village Savings Groups; the Small Business Recovery Fund; and other wealth creation initiatives.

EDUCATION

- Training of teachers and instructors on the new abridged curriculum will continue, and the lower secondary curriculum will be rolled out.



- Inspections across all learning institutions will be strengthened using the Teacher Education and Learning Assessment (TELA) system.
- Operationalisation of the Moroto Constituent College of Agriculture, Mountains of the Moon, and Busoga Universities will take effect. Consultations to operationalise Bunyoro University will commence next financial year 2023/24.
- Construction and equipping of two-Unit Laboratories in 21 secondary schools currently without any, in line with the Science Technology Engineering and Math (STEM) Policy.
- Construction, upgrading and equipping of Vocational Education Centres of Excellence in Bushenyi, Lira, and Elgon technical institutions will be completed.
- Shs 4.14 trillion to be allocated towards the education and skilling sub-programmes.

HEALTH

- The emphasis now is on mass vaccination of all eligible persons and community disease surveillance by strengthening Village Health Teams (VHTs) with training and equipping them with a smartphone and bicycle. Additional Health assistants and surveillance officers will be recruited to support the VHTs.
- Rehabilitation and expansion of the following general hospitals will be undertaken – Itojo, Kaabong, Abim, Kambuga, Masindi, Kanungu, Kapchorwa, Bugiri and Amudat. In addition, forty-three (43) Health Centre IIs will be upgraded to Health Centre IIIs and seventeen (17) new Health Centre IIIs will be built in the sub-counties without health facilities. Seventy-five (75) Staff Houses will be built in the Karamoja region.
- Ministry of Health will start implementing the Uganda COVID-19 Emergency Response and Preparedness Project supported by a grant from the World Bank amounting to US Dollars 180.3 million (equivalent to Shs.. 667.1 billion). This grant will finance the rapid detection, prevention and quick responses to threats posed by the COVID-19 Pandemic. It will also finance the strengthening of national systems for public health preparedness.
- The construction and equipping of a modern heart facility will commence in the coming financial year, to be located in Naguru. This US Dollar 70 million facility will be funded by the Arab Bank for Economic Development in Africa (BADEA); the Saudi Fund for Development (SFD); and the OPEC Fund for International Development (OPEC Fund).
- Shs 3.722 trillion is to be set aside for healthcare delivery in Financial Year 2022/20223.

TRANSPORT INFRASTRUCTURE

- Shs. 4.3 trillion to be allocated next financial year for transport infrastructure development and maintenance.
- Construction of 400 kilometres equivalent of roads to bitumen standards; rehabilitation/reconstruction of 200 kilometres equivalent, and construction of 30 bridges on the National roads network.
- Rehabilitation of 928 kilometres of District roads and 126 kilometres of Local Government roads.
- The development of the Bukasa Inland Port to continue alongside with the commence Uganda Airlines' flights to London and China.

DOMESTIC REVENUES AND TAX POLICY INTERVENTIONS

- Next financial target is to increase revenue by 0.8 percent of GDP through the following.
  (i) expected increase in taxable economic activities,
  (ii) gains from revenue enhancement measures.
  (iii) increased employment, and aggregate demand for goods and services arising from the full reopening of the economy.

TAX ADMINISTRATION MEASURES

- No new taxes to be introduced.
- Targets to be attained by improving the efficiency in tax collection and enhancing compliance to tax laws.
- The capacity of the Uganda Revenue Authority will be enhanced by recruiting and training staff, deploying appropriate equipment and ICT to enforce tax laws.
- Amendments to the various tax laws intended to simplify the laws, clarify previously ambiguous provisions and close loopholes that may lead to revenue leakage.
- Amendments that have been made are in the Income Tax Act, Value Added Tax, the Stamp Duty Act and the Tax Procedures Act.

PUBLIC DEBT SUSTAINABILITY

- Increase domestic revenue by implementing the Domestic Revenue Mobilisation Strategy.
- External financing in the form of loans and grants from our Development Partners and private creditors.
- Public-Private Partnerships that mobilise private sector financing for public projects.
- Improve alignment of suitable financing options to Government Programmes and projects.
- Ensure prudent loans acquisition to avoid debt accumulation in a short period, and timely disbursement of loan funds.
- Minimise the cost and risk exposure of financing modalities.
- Increase financing from traditional and other innovative sources to meet the development financial requirements.
- Provide a framework for partnership with the private sector in the implementation and financing of public investment programmes.
- Reduce the level of domestic borrowing over the medium term to an average of 2.2 percent of GDP per year. This ratio will be reduced further to a policy target of 1.0% of GDP over the long term.
- Implement the Public Investment Financing Strategy. This strategy will ensure alignment of suitable financing modalities with the nature of Government programmes and projects.
- Implement the Financial Year 2022/23 borrowing strategy which is consistent with our Medium-Term Debt Management Strategy, to avoid risks associated with unsustainable debt.
- Borrow largely on favourable terms and for projects that enhance the productivity of the economy.
- Sequencing new projects in a manner that makes the Government service its debt obligations without the risk of default. This means the Government will only mobilise debt financing for ready projects and will cancel projects with poor performance.

ENVIRONMENT, WATER AND SANITATION

- Target is to increase the national forest cover from the current 12.4 percent to 15 percent.
- Central forest reserves will be protected from encroachment by re-surveying and marking of 6,200 square kilometres of boundary.
- 850 square kilometres of wetlands and forests will also be restored by i) having them demarcated and gazetting, and ii) evicting all encroachers.
- Shs. 628 billion in the next financial year 2022/23 for actions to mitigate and adapt to climate change.
- Constructing 80 kilometres water supply infrastructure from River Nile to serve 484,000 people in Acholi and Lango sub-regions.
- Constructing water infrastructure from River Kagera to serve an additional 75,000 people in Isingiro, Mbarara and Masaka subregions.
- The Wakiso West Water and Sanitation Project to be progressed.
- The rehabilitation and expansion of Mbale Water Supply Scheme; and construction of the Wastewater Treatment Plant targeting Kiruddu Hospital.
- Shs 1.027 trillion has been allocated towards the water and environment sub-programme.

BUDGET EFFICIENCY

- National budget reform to make it more re-distributive and responsive to national priorities.
- Enhanced fiscal discipline to limit supplementary expenditure to only the unforeseeable and unavoidable spending within the 3 percent provided for under the law.
- Enhanced domestic revenue mobilisation to increase the revenue to-GDP ratio to our target of 18% over the medium term.
- Limit the borrowing to restore the debt-to-GDP ratio to within 50% over the medium term as provided for in the Charter for Fiscal Responsibility.
- Continued alignment of the budget to the National Development Plan to ensure that our development priorities are adequately funded.
- Automate Government processes and systems to enhance efficiency, save money, and fight fraud and other forms of corruption
- Rationalisation and restructuring of Government to eliminate duplication, overlaps, mandate wars and resource wastage.
- Shs. 5.1 Trillion has been provided as direct financing to Local Governments.

PEACE SECURITY AND SOCIAL PROTECTION

- UPDF will also continue with the pacification of the eastern Democratic Republic of Congo in line with the agreement with the Government of the Democratic Republic of Congo.
- Government will in the medium term embark on enhancement of pay for our gallant men and women in uniform.
- The second phase of the CCTV Camera project is now 95 percent complete, and targets all cities and major highways in order to enhance surveillance and improve crime detection
- Shs 3.987 Trillion has been provided for improvement of security and security infrastructure.
- The Judiciary will be supported to allow for speedy dispensation of justice and address the backlog of cases.
- In terms of systems that enhance the judicial process, the Electronic Court Case Management Information System (ECCMIS) to improve case management is now functional in seven (7) court circuits within the Greater Kampala Metropolitan Area.
- Additionally, the Video Conferencing System is operational in several courts across the country. The rollout of the Electronic Court Case Management Information System and Video Conferencing Systems in an additional ten (10) courts will also commence next financial year.
- Administration of Justice will be strengthened with the recruitment of more Judicial Officers; the establishment of two (2) Regional Courts of Appeal in Gulu and Mbarara, and two (2) High Court circuits in Luwero and Soroti. In addition, three (3) Chief Magistrate Courts in Alebtong, Lyantonde and Budaka; and four (4) Grade I Magistrate Courts in Karenga, Patongo, Abim, and Kyazanga Districts, will also be established.
- Construction of the Supreme Court and the Court of Appeal building will be completed soon. In addition, the Chief Magistrates Court buildings in Hoima, Luwero and Masindi districts among others, were rehabilitated during the ending financial year in order to further improve the delivery of justice.

TOURISM

- Facilitation of the Uganda Tourism Board to rebrand and promote Uganda under the new 'Explore Uganda' brand and Intensifying promotion of domestic tourism.
- Sustaining and upscaling investment in tourism infrastructure – like roads, electricity, internet, security, etc
- Easing access to recovery financing at the Uganda Development Bank.
- Shs. 194.7 billion to complement private sector investment and support its recovery.

RESOURCE ENVELOPE (SHS. "BILLIONS")

	Budget	Budget	Budget)	Budget
	FY 2019/20	FY 2020/21	FY2021/22	FY 2022/23
Resources (inflows)				
Domestic Resources	23,927	25,586	25,780	30,797
URA Tax Revenue	19,325	20,219	20,837	23,755
Non-Tax Revenue	1,571	1,591	1,588	1,796
Petroleum fund	-	-	200	-
Domestic Financing	2,830	3,560	2,943	5,008
Appropriation in Aid (AIA)	201	216	212	238
External Resources	10,109	12,422	10,451	9,325
Budget Support	675	2,907	3,583	2,609
Project Support	9,434	9,515	6,868	6,716
Total domestic and external resources	34,036	38,008	36,231	40,123
Domestic Debt Re-financing	6,453	7,486	8,547	8,008
Total resource envelope	40,489	45,494	44,778	48,131

INCOME TAX (AMENDMENT) ACT 2021

BENEFICIAL OWNER

1. Section 2 has been amended by substituting for the definition of "beneficial owner" the following—

   (ea) "beneficial owner" means natural person who ultimately owns or controls a customer or the natural person on whose behalf a transaction is conducted, including a person who exercises ultimate control over a legal person or arrangement—

   (a) in relation to legal person; includes—
   (i) the natural person who either directly or indirectly holds at least ten percent shares or voting rights;
   (ii) the natural person exercising control of the legal person through other means including personal or financial superiority; or
   (iii) the natural person who has power to make or influence a decision of the legal person.

   (b) in relation to trusts; includes—
   (i) the settlor;
   (ii) the trustee;
   (iii) the protector;
   (iv) the beneficiaries or the individual benefitting from the trust who is yet to be determined; and.
   (v) any other natural person exercising ultimate control of the trust;

   (c) in relation to other legal arrangements similar to trusts, the natural person holding equivalent positions referred to in subparagraph (b);"

   <u>Implication:</u>* This amendment clarifies the definition of the beneficial owner by providing the criteria that will apply. This will impact the application of the double taxation treaties that Uganda has with other countries.

2. Section 2 (bb) has been amended by substituting the paragraph (B) with the following—

   "(B) a religious, charitable, educational institution or research institution whose object is not for profit;"

   <u>Implication:</u>* The addition of "research institution" allows non-profit making research organisations to be considered as exempt for income taxes.

RENTAL TAX IMPOSED

Section (5) has been amended in subsection (3)-

(d) by repealing paragraph 3(b);

Previously subsection (3) (b) stated that expenditures and losses incurred by the individual in the production of the rent shall be allowed as a deduction under this Act for any year of income only as provided for in section 22(1)(c);

(e) by repealing paragraph (3) (d);

Previously this section stated that expenditures and losses incurred by a partnership in the production of rental income shall be allowed as a deduction under this Act for any year of income only as provided for in section 22(1)(c). The amendment implies that such expenditures and losses incurred by a partnership are no longer allowed for deduction.

by substituting for paragraph (3) (c) the following—

(f) expenditures and losses incurred by a person, other than an individual or partnership, in the production of rent shall be allowed as a deduction for any year of income only as provided for in Section 22 (1) (c);

Implication: ***This implies that expenditures and losses incurred by an individual or partnership in the production of rent will no longer be allowed as a deduction.***

a) by inserting immediately after paragraph (3)(d) the following—

(e) the expenditures incurred or gross rent derived by a partnership shall be allocated to the partners in accordance with section 67 (5) and (7) of this Act."

Implication: ***This implies that expenditures incurred or gross rent derived shall be allocated and borne by each partner on a pro-rata basis; and where allocation of income in the partnership agreement does not reflect the contribution of the partners to the partnership's operations, a partner's share of partnership income or loss shall be equal to the partner's percentage interest in the capital of the partnership.***

EXEMPT INCOME

Section 21 is amended-

(a) in subsection (1) (ac) by substituting for the word "2022" with "2023";

Implication: ***Income of Bujagali Hydro Power Project that was exempt up to 30th June 2022, has now been extended to 30th June 2023.***

EXPENSES OF DERIVING INCOME

Section 22 has been amended by

(a) by substituting paragraph (c) the following—

"(c) in case of rental income, the expenditure and losses incurred by a person other than an individual or partnership in the production of such income subject to subsection (1a)."

Implication: ***This implies that all expenditures and losses incurred by a person other than an individual or partnership shall be allowed for the purposes of ascertaining the chargeable income.***

(b) by repealing paragraph (ca);

Implication: ***No deduction shall be allowed for interest on a mortgage from a financial institution as expenditure incurred by an individual to acquire or construct premises that generate rental income.***

(c) by inserting immediately after subsection (1) the following—

"(1a) Where the expenditure and losses incurred by a person other than an individual or partnership in the production of rental income, exceeds fifty percent of the rental income, the allowable deduction shall be fifty percent of the rental income for that year of income.

Implication: ***Expenditure and losses incurred by a person other than an individual or partnership shall not exceed 50% of the gross income for that year of income.***

PAYMENTS TO NON-RESIDENT CONTRACTORS OR PROFESSIONALS

Section 85 of the principal Act is amended by inserting immediately after subsection (4) the following—

> "(5) For avoidance of doubt income derived from the carriage of passengers who do not embark or cargo or mail which is not embarked in Uganda is not income derived from a Ugandan-source service contract."
>
> *__Implication:__ This is a welcome amendment particularly for those in the logistics industry. Tax shall not be imposed on income derived by a non-resident where there is carriage of passengers or cargo or mail that has embarked from outside Uganda.*

FAILURE TO FURNISH RETURNS (MINING AND PETROLEUM)

Section 89QA of the principal Act is amended by substituting for subsection (1) the following—

"(1) Notwithstanding the provisions of sections 48 and 49A of the Tax Procedure Code Act, 2014 a licensee who fails to furnish a return or provide any other document within the time prescribed by this Act is liable to a penalty of not less than fifty thousand United States Dollars and not exceeding five hundred thousand United States Dollars."

> *__Implication__: A licensee who fails to furnish or provide any other document within the prescribed time will suffer a penalty that shall be not less than US$50,000 and not exceeding US$500,000.*

FIRST SCHEDULE

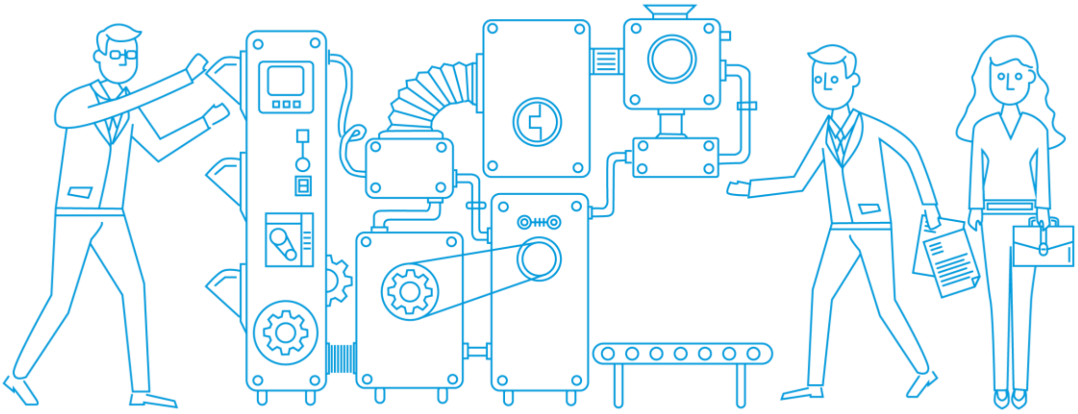
The First Schedule to the principal Act is amended—

(a) by inserting the following in alphabetical order—

"International Development Law Organisation (IDLO)."

(a) by substituting for the words "Department for International Development (DFID)" the words "Foreign, Commonwealth and Development Office (FCDO)".

__Implication:__ The above organisation has been included as an exempt organisation.



RATE OF RENTAL TAX FOR INDIVIDUALS

The Third Schedule to the principal Act is amended by substituting for Part VI the following—

"Part VI

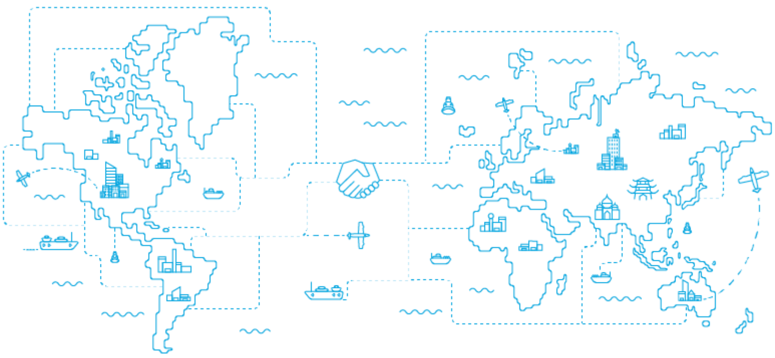
Rate of Rental Tax applicable to an individual

Gross rental income	Rate of tax
Not exceeding Shs. 2,820,000 per annum (235,000pm)	Nil
Exceeding Shs. 2,820,000	12%

VALUE ADDED TAX

EXEMPT IMPORT SERVICE

The principal Act is amended in Section 20 (2) by repealing the words "or would be used in the provision of an exempt supply"—



<u>Implication:</u> An import of service is now considered an exempt import if the service would be exempt had it been supplied in Uganda.

CASH BASIS ACCOUNTING

Section 26 of the principal Act is amended by substituting for subsection (1), the following—

"(1) This section applies to—

a) a taxable person, the annual value of whose taxable supplies does not exceed five hundred million shillings; or
b) a supplier who supplies goods or services to Government."

<u>Implication:</u> This is a welcome provision to significant/major suppliers to Government e.g. road contractors, who have previously suffered from URA's demand for taxes yet payment had not been received from Government. The new provision allows such suppliers to use cash basis accounting.

FIRST SCHEDULE – PUBLIC INTERNATIONAL ORGANISATIONS

The first section is amended by inserting "International Development Law Organisation (IDLO)" and by substituting the words "Department for International Development (DFID)" with the words "Foreign, Commonwealth and Development Office (FCDO)".

<u>Implication</u>: The list of public international organisations has been expanded to include IDLO & FCDO while removing DFID at the same time.

SECOND SCHEDULE – EXEMPT SUPPLIES

The Second Schedule is amended –

(a) in paragraph (1) (q) by substituting item (xvi) with the following– "(xvi) oxygen cylinder or oxygen for medical use;"

(b) in paragraph 1 by repealing subparagraph "(sd); the supply of menstrual cups"

(c) in paragraph 1(rr) by repealing the words "at the level of a national referral hospital";

(d) in paragraph 1 by repealing subparagraph "(fff); supply of cotton seed cake"

(e) by inserting immediately after paragraph 1(ooo) the following–

"(ppp) the supply of assistive devices for persons with disability;

(qqq) the supply of airport user services charge by Civil Aviation Authority"

In summary the following have been added to the list of exempt supplies:

- ***oxygen for medical use,***
- ***the supply of assistive devices for persons with disability,***
- ***supply of airport user services charge by Civil Aviation Authority, and***

The following supplies have been removed from the list of exempt supplies and shall no longer be considered exempt;

- ***the supply of menstrual cups (these are now zero rated)***

THIRD SCHEDULE – ZERO RATED SUPPLIES

The following supplies are to be added to the list of zero-rated supplies;

- ***the supply of educational materials including educational materials manufactured in a partner state of the East African Community***
- ***the supply of sanitary towels, menstrual cups, tampons and inputs for their manufacture***

EXCISE DUTY (YET TO BE ASSENTED TO)

INTERPRETATION

The Excise Duty Act 2014, in this Act referred to as the Principal Act is amended in Section 2–

a) by inserting immediately after the definition of "export" the following;
"fruit juice" means unfermented liquid extracted from the edible part of a fresh fruit whether the extracted liquid is diluted or not;"

b) by inserting immediately after the definition of "tribunal" the following;
"un-denatured spirits" means spirits, that are not mixed with any substance to render the spirit unfit for human consumption or capable of being rendered unfit for human consumption, including neutral spirits or alcoholic beverages made from neutral spirits that are fit for human consumption.

c) by inserting immediately after the definition of "value added tax" the following;
"Vegetable juice" means unfermented liquid extracted from the edible part of a vegetable whether the extracted liquid is diluted or not;"

SCHEDULE 2 PART 1

Schedule 2 to the principal Act is amended—

a) by substituting for item 2 (d) the following;

No.	Item	Excise Duty/ Rate of excise duty	
2	Beer	Proposed	Current
"(d)	Opaque Beer	12% or Shs. 150 per litre whichever is higher."	20% or Shs. 230 per litre, whichever is higher

b) by substituting for item 3 the following;

Proposed			CURRENT		
No.	Item	Excise Duty/ Rate of excise duty	No.	Item	Excise Duty/ Rate of excise duty
3	Spirits		3	Spirits	
(a)	Un-denatured spirits of alcoholic strength by volume of 80% or more made from locally produced raw materials;	60% or Shs. 1,500/= per litre whichever is higher;	(a)	Un-denatured spirits made from locally produced raw materials used in the production of disinfectants and sanitizers for the prevention of the spread of COVID-19	Nil
(b)	Un-denatured spirits of alcoholic strength by volume of 80% or more made from imported raw materials;	100% or Shs. 2,500/= per litre, whichever is higher;	(b)	Un-denatured spirits made from imported raw materials	100% or Shs. 2,500 per litre, whichever is higher
(c)	any other un-denatured spirits— (i) that is locally produced of alcoholic strength by volume of less than 80%; or	80% or Shs. 1,700/= per litre whichever is higher;	(c)	Ready to drink spirits	80% or Shs. 1,700 per litre, whichever is higher.
	(ii) that is imported of alcoholic strength by volume of less than 80%	80% or 2000/=per litre whichever is higher;			

(d)	Un-denatured spirits made from locally produced raw materials that is used in the production of disinfectants and sanitizers for the prevention of the spread of COVID-19 of alcoholic content by volume not less than 70%.	Nil			

c) by substituting for item 5(b) and (d) the following;

Proposed			Current		
No.	Item	Excise Duty/ Rate of excise duty	No.	Item	Excise Duty/ Rate of excise duty
5	Non-alcoholic		5	Non-alcoholic	
"(b)	fruit juice and vegetable juice, except juice made from at least 30% pulp or at least 30% juice by weight or volume of the total composition of the drink from fruits and vegetables locally grown.	12% or Shs. 250 per litre, whichever is higher.	"(b)	Fruit juice and vegetable juice, except juice made from at least 30% of pulp from fruit and vegetables grown in Uganda.	13% or 20222 250 per litre, whichever is higher.
"(d)	any other non-alcoholic beverage locally produced other than the beverage referred to in paragraph (a) made out of fermented sugary tea solution with a combination of yeast and bacteria.	12% or 150/= per litre whichever is higher"	"(d)	any other non-alcoholic beverage locally produced other than the beverage referred to in subparagraph (a) made out of fermented sugary tea solution with a combination of yeast and bacteria	12% or shs.250 per litre whichever is higher.

d) by substituting for item 11 the following—

Proposed			Current		
No.	Item	Excise Duty/ Rate of excise duty	No.	Item	Excise Duty/ Rate of excise duty

"11	Sacks and bags of polymers of ethylene and other plastics under HS codes 3923.21.00 and 3923.29.00 except vacuum packaging bags for food, juices, tea and coffee sacks and bags for direct use in the manufacture of sanitary pads;	40% or 4,000/= per kilogram whichever is higher;"		"11	Plastic product and plastic granules;	2.5% or USD 70 per ton, whichever is higher

e) in item 13 (g), by inserting the words "United Republic of Tanzania" immediately after the word "Kenya";

Proposed				Current		
No.	**Item**	**Excise Duty/ Rate of excise duty**		**No.**	Item	Excise Duty/ Rate of excise duty
13	**Telecommunications Services**			13	Telecommunications Services	
(g)	**Incoming international calls, except calls from the Republic of Kenya, United Republic of Tanzania, the Republic of Rwanda and the Republic of South Sudan.**	**USD 0.09 per minute**		(g)	Incoming international calls, except calls from the Republic of Kenya, the Republic of Rwanda and the Republic of South Sudan.	USD 0.09 per minute

f) by substituting for item 16 the following

ugar confectioneries, chewing gum, sweets and chocolates	20%	Nil

f) in item 25 by substituting for paragraph (b) the following;

Proposed				Current		
No.	**Item**	**Excise Duty/ Rate of excise duty**		No.	Item	Excise Duty/ Rate of excise duty
25(b)	**any other fermented beverages including cider, perry, mead or near beer produced from locally grown or produced raw materials;**	**30% or 550/= per litre whichever is higher;**		25(b)	any other fermented beverages made from locally grown cider, perry, mead, spears or near beer	30% or shs 550 per litre; whichever is higher

g) by substituting for item 26 the following;

Proposed				Current		
No.	**Item**	**Excise Duty/ Rate of excise duty**		No.	Item	Excise Duty/ Rate of excise duty
26	**construction materials of a manufacturer, other than a manufacturer referred to in item 21, whose investment capital is, at least thirty-five million United States Dollars in case of a foreigner or five million United States Dollars in the case of a citizen;**	**Nil**		26	construction materials of a manufacturer, other than a manufacturer referred to in item 21, whose investment capital is, at least fifty million United States Dollars or, in the case of any other manufacturer, who makes an additional investment equivalent to fifty million United States Dollars;	Nil

TAX PROCEDURES CODE ACT

REGISTRATION OF TAX AGENTS

Section 9 has been amended by substituting for subsection (4) the following –

"(4) The registration of a tax agent shall remain in force from the date of issue of the certificate of registration to 31st December of the year of issue."

Previously subsection (4) stated that "The registration of a tax agent shall remain in force for twelve months from the date of registration."

Implication: ***Tax agents must renew their agent licenses/certificates by 31st December of every calendar year.***

PENAL TAX RELATING TO TAX STAMPS

Section 19B of the principal Act is amended in subsection (1) by inserting immediately after the word "affix" the words "or activate".

Implication: ***A taxpayer who fails to affix or activate a tax stamp on goods prescribed under section 19A (3) is liable to pay a penal tax equivalent to double the tax due on goods or fifty million shillings, whichever is higher.***

TEMPORARY CLOSURE OF BUSINESS

Section 33 is amended –

(a) in subsection (1) by inserting immediately after the word "payable" the words "fails to comply with the requirements of electronic receipting and invoicing or tax stamps with in fifteen days from the date of the notice.

(b) in subsection (2) the following –

"(2) Where a taxpayer does not pay the tax due or fails to comply with the requirements of electronic receipting and invoicing or tax stamps after service of a notice under subsection (1), the Commissioner or authorised officer may issue an order to close down part or the whole of the business premises of the taxpayer for a period not exceeding fifteen days."; and

(c) by substituting for subsection (5) the following —

"(5) if the taxpayer complies with the tax obligations under subsection (1) during the period of closure, the Commissioner shall immediately remove the notice referred to in subsection (4).

***<u>Implication:</u>* Failure to comply with the requirements of electronic receipting and invoicing or tax stamps will result in temporary closure of business (not exceeding 15 days) by the commissioner.**

NOTICE TO OBTAIN INFORMATION OR EVIDENCE

Section 42 of the principal Act is amended by inserting immediately after subsection (4) the following—

"(5) Notwithstanding the provisions of subsection (1), a person engaged in the construction or extractive industry shall disclose to the Commissioner the names of persons contracted in the course of performance of their duties or business within seven days from the date of signing the contract.

(6) A person who fails to comply with the provisions of subsection (5), is liable to pay a penalty of one thousand currency points."

MAKING FALSE OR MISLEADING STATEMENTS

Section 58 of the principal Act is amended by substituting the words "two hundred" with the words "five thousand five hundred"

***<u>Implication:</u>* The penalty for a person that knowingly or recklessly provides misleading information or statements has increased from two hundred currency points to five thousand five hundred currency points. Each currency point is equivalent to UGX 20,000.**

NEW SECTIONS

62B Failure to affix or activate a tax stamps. A taxpayer who fails to affix or activate a tax stamp on goods prescribed under section 19A (3) commits an offence and is liable on conviction to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62C. Prints over or defacing of a tax stamps. A person who prints over or defaces a tax stamp affixed on goods prescribed under section 19A (3) commits an offence and is liable on conviction to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62D. Forgery of tax stamp. A person who forges or is found in possession of a forged tax stamp commits an offence and is liable on conviction to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62E Failure to use an electronic receipting or invoicing. A taxpayer specified under section 73A (2) who does not issue an electronic invoice, an electronic receipt or employ an electronic fiscal device in accordance with section 73A, commits an offence and is liable, on conviction, to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten
years, or both

62F. Forgery of electronic receipt or invoice. A person who forges or found in possession of a forged electronic receipt or invoice commits an offence and is liable on conviction to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62G. Interfering with the electronic fiscal device or electronic dispensing control device. A person who makes un authorised interference with the software or hardware of an electronic fiscal device or electronic dispensing control device commits an offence and is liable on conviction to a fine not exceeding one thousand five hundred currency points or imprisonment not exceeding ten years or both.

62H. Offences relating to automatic exchange of information. A person who contrary to the regulations made under section 88 (3b) of the income tax Act —

(a) fails to file an information return for purposes of automatic exchange of information commits an offence and is liable on conviction to a fine not exceeding two thousand five hundred currency points for each day of default or to imprisonment for the term not exceeding ten years or both;

(b) fails to maintain records for purposes of automatic exchange of information commits an offence and is liable on conviction to a fine not exceeding two thousand five hundred currency points for each day of default or to imprisonment for a term not exceeding ten years or both;

(c) makes a false or misleading statement in the information return commits an offence and is liable on conviction to a fine not exceeding two thousand five hundred currency points for each day of default or to imprisonment for a term not exceeding ten years or both; or

(d) omits from a statement made in the information return commits an offence and is liable on conviction to a fine not exceeding two thousand five hundred currency points for each day of default or to imprisonment for a term not exceeding ten years or both.

PAYMENT OF INFORMERS

Section 74A has been substituted for the following —

"74A. Payment of informers

(1) The Commissioner shall pay to a person who provides information leading to—

(a) identification of unassessed tax or duty one percent of the tax or duty assessed or fifteen million shillings, whichever is less; or

(b) recovery of unassessed tax or duty five percent of the tax or duty recovered or one hundred million shillings whichever is less.

(2) Subsection (1) shall not apply to a staff of the Authority.

***<u>Implication:</u>* Payments/rewards made to informers has been revised effective 1 July 2022.**

TAX APPEALS TRIBUNAL ACT

ESTABLISHMENT OF TRIBUNALS

Section 2 is amended by substituting for the word "four" the word "eight" *and* by inserting immediately after subsection (2), the following—

"(3) At least forty percent of the members of the tribunal shall be women."

***<u>Implication:</u>* The number of tribunal members has been increased from four to eight with forty percent at least women.**

STAMP DUTY ACT

STRATEGIC INVESTMENT PROJECTS – NIL DUTY

The Stamp Duty Act, 2014 is amended in Schedule 2—

a) by substituting for item 6 the following, Agreement relating to deposit of title- deeds, pawn pledge – of the total value is Nil.

   ***<u>Implication:</u>* The stamp duty on agreements relating to deposit tittle deeds and pawn pledges has reduced from 1% to nil.**

b) By inserting item 48 as follows "(d) Agricultural insurance policy the stamp duty is nil

c) by substituting for item 56 the following, SECURITY BOND OR MORTGAGE DEED- executed by way of security for the due execution of an office, or to account for money or other property received by virtue of security bond or mortgage deed executed by surety to secure a loan or credit facility— of entry total value is Nil.

   ***Implication:* The stamp duty on this transaction has reduced from 1% to nil.**

d) in item 60A (f), by substituting for the word "fifty", the word "thirty-five";

d) by substituting for item 63 the following, TRUST-Item 63 of the second schedule of the Stamp Duty Act provides for the stamp duty rate applicable to trusts. The stamp duty currently applicable on chargeable instruments in relation to the transfer of property in writing not being a will to a trust is UGX. 15,000.

   The new stamp duty applicable to all chargeable instruments in relation to the transfer of any property made including a transfer from a holder of letters of administration or probate orders to a beneficiary to a trust is UGX. 15,000.

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