Tax watch
Tax Amendment Bills – 2017

This newsletter summarises the proposed amendments to the tax laws outlined in the Amendment Bills for FY17/18. If passed by Parliament, the changes are expected to take effect from 1 July 2017.

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The Income Tax (Amendment) (No. 2) Bill 2017

The Bill proposes various amendments to the Income Tax Act (ITA).

Tax exemption for professional regulators

The Bill extends the definition of 'exempt organisation' to include bodies established by law for the purpose of regulating the conduct of professionals. Examples of such bodies include the Uganda Law Society (ULS), the Institute of Certified Public Accountants of Uganda (ICPAU) and the Uganda Medical and Dental Practitioners Council.

This means that the income of such bodies generally qualifies to be exempt from income tax. Note however that, as with other exempt organisations, the exemption does not apply to certain property income (such as interest, dividends and some rents) and business income that is not related to the core function of the organisation.

For the exemption to apply there must be a written ruling from the URA confirming that the body is an exempt organisation for income tax purposes and stating any conditions for the exemption. Therefore, the newly eligible bodies will be required to submit an application to the URA to take advantage of the exemption. The URA ruling is normally only granted for a period of two years and therefore it is necessary to renew the application on a biennial basis. The exempt organisation is still required to file an annual income tax return.

Estimates of rental income

The Bill proposes to require the Minister of Finance to prescribe (via statutory instrument) estimates of rent for rental properties, based on the rating of the property in the specific location.

The prescribed estimates may be applied by the URA to assess rental income for persons who fail to file a return of rental income or whose return appears to be misleading and has been contested by the Commissioner.

This means that the URA will now have a clear basis for assessing an amount of rental income where there is default in the declaration or suspected under-declaration of such income.

This amendment is aimed at bringing both commercial and residential landlords within the tax net in order to counter the perceived low level of voluntary compliance. It will also ease the administration of rental tax.

The application of an estimate where a landlord has already filed a return may create room for subjectivity on the part of the URA, and lead to unwarranted adjustments. It would need to be recognised that the actual rent derived in any particular case may fall below the estimate for various reasons, such as where the tenant has negotiated a discounted rate or where general market rates have fallen. Hopefully, the ability to rely on the estimate does not mean that the URA will not first try to establish the facts of the actual rental derived.

The rating of properties is provided for under the Local Government (Rating) Act, 2005, and it is already being undertaken by local authorities. There is thus a need to align the rent estimates to the rates provided for under the Rating Act. Further, the estimates should be updated periodically to take account of fluctuations in the property market.

Exemption for Bujagali Hydro Power Project

The Bill proposes to exempt the income of the Bujagali Hydro Power Project up to 30 June 2033.

This amendment is aimed at removing income tax as a cost component of the Bujagali tariff, thereby subsidising the cost of electricity to the final consumer.

Initial allowance for plant and machinery

The Bill reintroduces an initial allowance deduction of 50% for new plant and machinery.

A similar allowance was previously in place up until June 2014, whereby a person who placed an item of eligible property into service for the first time during the year of income was allowed an initial allowance deduction of 50% or 75%, depending on the location where the asset was used. The allowance was in addition to the normal wear and tear deduction.

The reinstated allowance operates in a similar manner but is set at a single rate of 50% and only applies to eligible property which is first put into service outside a 50 kilometre radius of Kampala. As previously, eligible property comprises plant and machinery wholly used in the production of taxable income, and excludes goods and passenger transport vehicles, household appliances and office or household furniture, fixtures and fittings.

The prior initial allowance was seen as an incentive that encouraged investment in productive plant and capital formation in Uganda, and its removal made the country less competitive when compared to our East African neighbours. The reinstatement is therefore a welcome move, and may favour industrial parks established outside Kampala and upcoming infrastructure projects such as the Standard Gauge Railway and East African Oil Pipeline.

Additional guidance may be required from the URA on how to determine the extent of the 50 kilometre radius, for example as to whether this runs from a central point in the city or from the city border. For taxpayers with an accounting period straddling 1 July 2017, we expect that the deduction will not be available for eligible property first put into use before this date in the income year.

Initial allowance for industrial buildings

The Bill also proposed to re-introduce the 20% initial allowance for new industrial buildings.

Previously, the ITA allowed a deduction of 20% of the cost base of a new industrial building first placed into service during the year of income. This was repealed with effect from 1 July 2014.

The reinstated allowance is essentially on the same terms as previously. Specifically, it applies to buildings which are wholly or partly used in manufacturing operations, research and development relating to methods of manufacture, mining operations, approved hotel businesses and approved hospitals.

It does not apply to approved commercial buildings, which means a building which is primarily used by the owner or rented out:

- for the purpose of carrying on a business, trade or profession;
- as an office;
- as a warehouse or commercial storage facility; or
- as a workshop.

Unlike the new initial allowance for plant and machinery, the 20% allowance is not restricted based on proximity to Kampala.

Transactions between associates

The Bill proposes to widen the scope of the transfer pricing provision from 'transactions between taxpayers who are associates' to simply 'transactions between associates'.

This gives the URA wider scope to apply the transfer pricing rules to transactions with persons who are not taxpayers, such as non-residents, tax-exempt entities or employees with income below the tax payment threshold.

However, based on the current wording, it still appears that a transfer pricing adjustment needs to be determined on a basis which reflects the arm's length chargeable income realised by 'the taxpayer'.

As previously, the amendment also gives power to the URA to make adjustments to transactions between persons who are in an employment relationship. It is worth noting that the Transfer Pricing Regulations do not apply to transactions between employers and employees, as the definition of 'associate' in section 3 of the ITA does not cover employees.

Taxation of betting and gaming

The Bill reinstates section 118C of the ITA, which imposes a 15% withholding tax on the payment of winnings from sports or pool betting. Such winnings are taxable as property income.

This withholding tax requirement was previously introduced in 2014 but was repealed again last year with effect from 1 July 2016.

The prior repeal meant that any person deriving such winnings was required to account for tax on the income by filing an individual income tax return. Perhaps on the realisation that such an approach was not effective, the Bill restores the prior tax collection method of withholding at source by the entity paying out the winnings.

The withholding tax is not a final tax, so the recipient will still be required to disclose the income in an annual income tax return.

Practical questions remain around the taxation of winnings derived from online platforms operated by non-residents.

In a related measure, the Lotteries and Gaming (Amendment) Bill 2017 proposes to reduce the gaming tax rate from 35% to 20%. This applies to operators of casinos and gaming or betting activities on the total money staked less pay-outs (winnings). We understand the 15% tax reduction is designed to offset the 15% withholding tax (reversing a 15% increase in 2016) and share the tax burden more evenly between the gambler and the operator.

Advance tax payable by transport operators

An amendment to the ITA in 2015 introduced a requirement for providers of passenger or freight transport services to pay an 'advance' tax before renewal of their annual operation licences. The tax was prescribed as UGX 50,000 per tonne per year (for goods vehicles carrying at least two tonnes) or UGX 20,000 per passenger per year (for passenger vehicles). However, the requirement to pay the tax was not clearly set out in a taxing provision (it was instead included in section 134 of the ITA dealing with tax clearance certificates).

The Bill attempts to remedy this drafting anomaly by including a new section 123A among the withholding tax provisions, which formally imposes the advance tax.

The tax rates remain unchanged, but the basis is clarified by stating that the UGX 20,000 applies per seat rather than per passenger (stated as 'person').

The ITA still does not state whether the advance tax can be credited against the taxpayer's annual income tax liability (for example, as is specifically provided for withholding tax and provisional tax). Our understanding is that the advance tax is so creditable, and in our submission to the Parliamentary Committee on Finance we recommended that the Bill be amended to expressly provide for this.

Further, we recommended that the Bill should provide an exemption from the advance tax for taxpayers who are on the withholding tax exemption list.

Requirement to report financial transactions

The Bill proposes to introduce a new requirement for financial institutions, microfinance institutions, forex exchange bureaus and money transferring institutions to report any transaction exceeding 1,000 currency points (currently equivalent to UGX 20 million) to the URA on a monthly basis. The report is required to be filed by the 15th day of the following month, or otherwise as required by the Commissioner.

The amendment does not define the term 'transaction', so presumably this can capture any movement of funds, regardless of whether it is on a capital or revenue account, whether standalone or as part of a composite transaction, or whether relating to a customer or the entity itself. For a bank this might include deposits, withdrawals, transfers, the disbursement and repayment of loans, foreign exchange, payment of expenses, receipt of interest and fees, letters of credit, and the issuing of guarantees and performance bonds, amongst others. There is also no recognition of amounts that might be subject to existing reporting requirements, such as under the Anti-Money Laundering Act, the Financial Institutions Act or the ITA itself. So, for example, monthly payroll or foreign service payments above UGX 20 million would appear to require separate reporting to the URA despite already being included in the monthly PAYE and withholding tax returns.

It is not clear how the reporting will be done or what form it will take. There is need for clarity and advance notice in this respect so that the affected financial institutions have sufficient time to put in place appropriate reporting systems.

The amendment appears to be aimed at providing the URA with additional information to assist in audits of existing taxpayers and the identification of persons outside the tax net. However, it will impose a significant additional administrative burden on the financial sector and runs the risk of simply producing a mass of unclear data with limited actual benefit. It also raises serious issues of client confidentiality. The URA should consider alternative and less burdensome means of obtaining such information, for example by securing access to reported transactions under the Anti-Money Laundering Act.

Cap on interest penalty

The Bill introduces a cap on the amount of interest penalty that can be imposed by the URA on unpaid income tax.

This applies to the 2% per month late payment interest imposed under section 136 of the ITA on unpaid income tax (including withholding tax) and penal tax. The cap equals the total of the principal tax and penal tax, and is applied in the form of a waiver of the excess interest.

So, for example, if a person is assessed for a past period for income tax of UGX 10 million, the related interest penalty cannot exceed UGX 10 million.

The amendment also provides for a mandatory waiver of the interest due and payable as at 30 June 2017 which exceeds the cap.

It is not clear whether the URA will waive the excess interest of their own volition or whether the taxpayer will be required to apply for the waiver. A similar cap has been introduced for VAT purposes (see below).

Value of motor vehicle benefit

The Bill amends the formula for calculating the taxable value of a motor vehicle provided to an employee by taking into account depreciation of the vehicle.

Currently, employees enjoying the private use of a company motor vehicle are taxed based on a formula which uses a constant value for the market value of the vehicle at the time it is first provided. The amendment will allow the initial market value to be depreciated at a rate of 35% on a diminishing value basis in the second and subsequent years.

This aims to recognise the effect of wear and tear on the motor vehicle benefit and should significantly reduce the taxable value after the first year. This is a welcome development.

The amendment will not have an impact where the employee is provided with a motor vehicle held by the employer under an operating lease, where the taxable value would normally be based on the lease payments.

Calculation of net income from petroleum operations

Earlier this year, on 18 January 2017, the Government issued a separate Income Tax (Amendment) Bill which proposes to change the basis for calculating chargeable income from petroleum operations.

The proposal amends section 89GA of the ITA to limit the deduction of costs in any income year to the amount of cost oil (i.e. the licensee's share of the total oil production that represents recovery of their costs, in accordance with the terms of the petroleum agreement -"PA"). The excess costs can only be carried forward to deduct against cost oil in a subsequent year, until fully exhausted. This effectively reinstates the position that applied prior to 2015, when the petroleum tax regime was significantly rewritten

This contrasts to the current wording which allows the deduction of costs against gross income (i.e. both cost oil and profit oil). Profit oil is the licensee's share of production over and above cost oil, usually based upon an agreed profit split with the Government.

Essentially this means that gross profit oil will be taxed in full in the year derived, without the ability to deduct any expenditure against this income. This will advance the point at which a licensee is required to pay income tax, despite the fact that it has yet to achieve breakeven. It would also appear to override the specific timing rules for deduction of capital expenditure, such as the six year write-off for development expenditure.

Further it will effectively limit the tax deductibility of expenditure to the recoverable costs as dictated by the PA. In other words, a cost that is deductible under normal tax principles will be rendered non-deductible if it is designated as non-recoverable under the PA.

Related amendments include insertion of a definition of "cost oil" and amendment of the definitions of "contract area" and "petroleum development expenditure".

The stated intention of the change is to bring conformity between the ITA and the PAs. However it represents a major divergence from the 2015 petroleum tax regime, which was negotiated and agreed after extended consultation between the industry and the Government and with significant input from external advisors such as the IMF. It is not clear why such a key aspect of the existing tax regime is being amended so soon, and apparently without industry consultation."

The Value Added Tax (Amendment) Bill 2017

The Bill proposes to amend the VAT Act with the following changes.

VAT concession for aid-funded projects

The Bill proposes to extend the special VAT treatment for aid-funded projects to include supplies made to the Government.

Last year the Act was amended to provide that the VAT on supplies from a supplier to a contractor carrying out an aid-funded project was deemed to have been paid. This effectively meant that the contractor did not need to pay the VAT to the supplier, and the supplier did not need to account for the VAT output tax to the URA. The net result is that the VAT does not become an additional cost to the project.

The proposed amendment now extends this same treatment to supplies from the contractor to the Government (specifically to a Government ministry, department or agency – MDA). In other words, the VAT on the supply is deemed to have been paid by the Government to the contractor, and the contractor does not need to account for the VAT as output tax in its VAT returns.

This now means that the special treatment applies to both legs in a typical aid-funded project, namely, to supplies acquired by the project contractor from its suppliers as well as to supplies made by the project contractor to the Government. This remedies a practical anomaly in the original provision whereby the concession did not apply to aid-funded supplies made to Government bodies such as the Ministry of Health or UNRA.

In each case, for the concession to apply the supply must be used solely and exclusively for the aid-funded project.

What constitutes a Government agency is not defined but would presumably extend to parastatals and other government-owned entities or agencies such as the UCC, Uganda National Oil Company or UETCL.

The term 'aid-funded project' is also not defined in the legislation and there is some uncertainty as to what it includes. The URA has indicated that this is limited to projects which are funded by grants or loans from a foreign government or external financier to the Government of Uganda. This appears to exclude private aid which is not channelled via the Government, despite the fact that such privately funded projects would seem equally worthy of the concessional treatment.

No input credit for cash payments exceeding UGX100 million

The Bill proposes to disqualify input tax credits in respect of taxable supplies amounting to UGX 100 million or more (excluding VAT) that are paid or payable in cash.

We understand that the purpose of this amendment is to discourage cash transactions in favour of transactions via banks and other more traceable means.

Due date for payment of VAT

The Bill proposes to reinstate the prior provision of the VAT Act that prescribed the due dates for payment of tax.

Specifically, this entails inserting a new section 30A which recreates the prior section 34 that was repealed in July 2016 on the coming into force of the Tax Procedures Code Act ('TPC Act'). Presumably, the original intention was that the TPC Act would specify tax payment dates for all relevant taxes, but section 27 of the Act simply refers to the date specified in the original tax law (e.g. the VAT Act). Essentially, this means that currently there are no tax payment dates prescribed for VAT.

It is worth noting that the same issue also arises for the payment dates for income tax, but there has been no parallel proposal to reinstate section 103 of the ITA.

"The VAT payment due dates are summarised as follows:

- In the case of a taxable supply by a taxable person in respect of a tax period, the due date for filing the related return.
- In the case of an assessment under the VAT Act, the date specified in the notice of assessment [Note: VAT assessments are currently issued under the TPC Act so this wording would appear to be obsolete.
- In any other case, on the date the taxable transaction occurs.

Also reinstated via this provision is the requirement that, where an objection or appeal has been lodged to an assessment, the assessed tax is payable and may be recovered notwithstanding the objection or appeal. In practice, in the past, on the lodging of an objection against a VAT assessment, the URA generally accepted payment of a 30% deposit, in a manner that was consistent with the income tax rules. However, now that the 30% deposit rule has been repealed, it is not clear whether the URA will still apply the same approach or will insist on payment of the full tax. The latter would not be consistent with principles of natural justice where the tax liability is reasonably and justifiably disputed.

Cap on interest penalty

In a similar manner as described above for income purposes, the Bill proposes to introduce a cap on the 2% interest penalty payable on unpaid VAT.

The amount of interest may not exceed the aggregate of the principal tax and penal tax. Unlike the income tax provision, the excess simply cannot be imposed (as opposed to income tax, where the excess is waived). For cases after 30 June 2017, this removes any question of having to apply to the URA for a waiver.

Again, where interest due as at 30 June 2017 exceeds the cap, the excess will be waived. It is not clear if this waiver will require an application to the URA or will be granted automatically.

This cap is likely to be more useful for VAT purposes, given that the 2% interest on unpaid VAT is calculated on a compounding basis (as compared to unpaid income tax, where the 2% interest is simple).

The cap is calculated by reference to penal tax, which for VAT purposes includes the 2% interest. To avoid the resultant circularity, we assume the cap is only intended to cover penal tax other than interest on unpaid VAT.

VAT on wheat grain

The Bill removes the VAT exemption for the supply of unprocessed wheat grain.

In 2013, wheat grain was specifically excluded from the VAT exemption for unprocessed agricultural products, but the exclusion was removed in 2016, meaning that unprocessed wheat grain was VAT-exempt from 1 July 2016. The pre-2016 position will now be reinstated so that wheat grain will again be liable to VAT at 18%.

The 2016 amendment was implemented to improve the regional competitiveness of local flour millers importing wheat grain, so presumably this concession is no longer seen as necessary.

Additional VAT exemptions

The Bill proposes to include the following items on the list of VAT-exempt supplies:

- animal feeds and premixes;
- crop extension services;
- irrigation works, sprinklers, and ready to use drip lines;
- tourist arrangement services, access to tourist sites, tour guide and game driving services;
- deep cycle batteries and composite lanterns;
- menstrual cups

The first four exemptions are intended to encourage growth in the agriculture and tourism sectors.

The Tax Procedures Code (Amendment) Bill 2017

The Bill proposes to amend various provisions of the Tax Procedures Code Act 2014, which came into force on 1 July 2016.

Due date for filing provisional returns

The Bill clarifies the due dates for filing of provisional tax returns for individuals and non-individuals. This addresses an anomaly in the current provision, which does not specifically state the requirements for individuals.

Individuals are required to file four provisional returns by the last day of the third, sixth, ninth and twelfth months of the year, in respect of the tax liability for periods of three, six, nine and 12 months, respectively.

Non-individuals are required to file two provisional tax returns by the last day of the sixth and twelfth months of the year, for periods of six and 12 months respectively.

These new requirements are inconsistent with section 112 of the ITA, which merely requires a taxpayer to file a single provisional return in each year with an estimate of their annual chargeable income. For individuals this is due by the end of the third month (with 25% tax payments due at the end of each quarter) and for non-individuals by the end of the sixth month (with 50% tax payments due at the end of each half year). Currently, a taxpayer would only file an additional provisional return where it was necessary to revise their initial estimate. The new provision therefore seems to confuse the provisional tax payment dates with the need to file a provisional return.

Given that section 112 of the ITA is still in effect (i.e. it was not repealed by the TPC Act), it remains unclear which of the statutory filing requirements should apply. While the URA may regard the more recent provision in the TPC Act to take precedence, the apparent confusion between payment and filing dates indicates that the URA needs to clarify the position.

Returns under Lotteries and Gaming Act

The Bill proposes to expand the returns of gaming tax required under the Lotteries and Gaming Act 2015 to comprise the following:

- a weekly return due by Wednesday of the following week; and
- a monthly return due by the 15th day of the following month.

As noted above, the Lotteries and Gaming Act imposes gaming tax (currently at a rate of 35% but proposed to be reduced to 20%) on operators of casinos and gaming or betting activities. The Act currently only requires the filing of a monthly tax return, and it is not clear what impact the new weekly return will have on the tax payment due dates.

Tax stamps

The Bill introduces a new requirement to affix a tax stamp on any imported or locally manufactured goods as may be prescribed by the Minister. The manner of affixing the tax stamp is to be prescribed by the URA.

Although not specifically stated, we understand this requirement is intended as a tax compliance measure for goods subject to excise duty. Further details will be known once the Minister issues the list of prescribed goods via the required statutory instrument. As a minimum this is expected to include goods that are prone to evasion, such as alcohol and cigarettes.

The Bill also brings in new penal taxes relating to tax stamps, as follows:

- Failure by a taxpayer to affix a tax stamp: the greater of double the tax due or UGX 50 million;
- Printing over or defacing of a tax stamp fixed on goods: greater of double the tax or UGX 20 million;
- Possession of goods on which a tax stamp is not affixed: greater of double the tax or UGX 50 million.

Acquiring or attempting to acquire a tax stamp without the authority of the Commissioner is an offence liable on conviction to a penalty equal to the greater of double the tax due or UGX10 million.

Apart from failure to affix a tax stamp (which only applies to the taxpayer), these penal provisions can apply to any person (whether the importer, the manufacturer or another person).

Order of payment

The Bill seeks to clarify the order in which tax payments are applied to outstanding tax liabilities.

The first priority for payment is to be reworded as 'the principal tax' in substitution for the current wording of 'the tax liability'. The current wording was a little confusing, as the second and third priorities (namely penal tax and interest, respectively) could also be regarded as part of the tax liability.

The position is now clearer. Where a taxpayer is liable for penal tax and/or interest in relation to a principal tax liability and makes a payment that is less than the total, the payment will be applied to clear the liabilities in the following order:

- the principal tax
- the penal tax
- the interest due.

Penal tax for failure to provide information

The Bill proposes a new section 49A which imposes two new penal taxes for failure to provide information when requested by the URA. These are prescribed as follows:

- UGX 50 million for failure to provide records requested by the Commissioner in respect of transfer pricing within 30 days of the request; and
- UGX 20 million for failure to provide other information upon request by the Commissioner.

In each case we assume that the Commissioner's information request is one issued via formal notice under section 42 of the TPC Act. For the first penalty, this would require the notice to prescribe a deadline of at least 30 days. The second penalty has no timeframe and presumably can be applied if the information remains outstanding after the notice deadline (whether longer or shorter than 30 days).

The TPC Act already contains a range of penal taxes for various defaults, including failure to maintain proper records. There are also offence provisions covering specific obligations under the legislation, including failure to comply with a request for information under section 42.

In relation to transfer pricing, the Transfer Pricing Regulations provide that the Commissioner may prescribe the documentation that a person is required to maintain to support the arm's length nature of its related-party transactions. A person who fails to have in place the required transfer pricing documentation is liable on conviction to six months' imprisonment or a fine not exceeding UGX 500,000.

It also needs to be recognised that transfer pricing audits are a complex exercise that often entail obtaining significant volumes of information from the taxpayer's head office or other affiliates in one or more overseas jurisdictions. Such information is outside the direct control of the taxpayer and takes time to compile. To impose an arbitrary 30-day deadline and fixed (significant) penalty on such inquiries without cognisance of the complexity of the specific request or the degree of cooperation of the taxpayer is unrealistic and runs the risk of misuse.

The need for these new penalties is therefore open to question, as is the need to have a differential treatment for transfer pricing records. In particular, we can see little justification for treating transfer pricing records as subject to a fixed response time and more stringent penalty compared to any other information that may be required to confirm a taxpayer's liability under the tax laws.

The Excise Duty (Amendment) Bill 2017

The Bill proposes to amend the duty rates in Schedule 2 of the Excise Duty Act 2014.

Introduction of specific rates for beverages

The Bill introduces a new rate regime for certain beverages, where the excise duty will be calculated as the higher of a specific rate (i.e. based on volume) and an ad valorem rate (based on value). These items are currently subject to an ad valorem rate only.

The affected beverages comprise beer, spirits made from local raw materials, wines not made from local raw materials and non-alcoholic beverages (excluding fruit and vegetable juices with at least 30% local content).

The rationale for introducing specific rates on these products is to align the excise duty regime with other East African Community countries and to prevent revenue leakage in cases where imports are undervalued for customs purposes.

Apart from other wines, the ad valorem rates have remained the same, so this will result in either the same or an increased duty amount.

As noted, the duty now catches fruit and vegetable juices where less than 30% of the pulp is from fruit and vegetables grown in Uganda. Previously, all fruit and vegetable juices were excluded from excise duty, regardless of source. This move is designed to encourage local sourcing and agricultural production.

Rate increases

The Bill increases the following duty rates:

- Soft-cap cigarettes: from UGX 50,000 to UGX 55,000 per 1,000 sticks; and
- Other furniture (i.e. furniture which is imported or assembled in Uganda from foreign materials, but excluding specialised hospital furniture): from 10% to 20%.

Rate decreases

The Bill reduces duty rates as follows:

- Sugar confectionaries (chewing gum, sweets and chocolates): from 20% to 0%; and
- Furniture manufactured in Uganda using local materials, excluding furniture which is assembled in Uganda: from 10% to 0%.

The removal of excise duty on Uganda-manufactured furniture using local materials, along with the increased 20% rate on imports, is aimed at encouraging the local furniture industry.

The table below summarises the full list of rates as set out in the Bill (note that some rates remain unchanged).

Item	Current rate	Rate per Bill
1. Soft-cap cigarettes	UGX 50,000 per 1,000 sticks	UGX 55,000 per 1,000 sticks
2. Beer		
a) Malt beer	60%	60% or UGX 1,860 per litre, whichever is higher
b) Beer whose raw material content, excluding water, is at least 75% by weight of its constituents	30%	30% or UGX 700 per litre, whichever is higher
c) Beer produced from barley grown and malted in Uganda	30%	30% or UGX 950 per litre, whichever is higher
3. Spirits		
a) Made from locally produced raw materials	60%	60% or UGX 5 000 per litre, whichever is higher
b) Undenatured spirits	100% or UGX 2,500 per litre, whichever is higher	100% or UGX 2,500 per litre, whichever is higher
c) Other spirits	80%	80%
4. Wines		
b) Other wines (i.e. not made from locally produced raw material)	80%	60% or UGX 6,000 per litre, whichever is higher
5. Non-alcoholic beverages		
a) Non-alcoholic beverages not including fruit or vegetable juices	13%	13% or UGX 240 per litre, whichever is higher
b) Fruit juice and vegetable juice, except juice from at least 30% of pulp from fruit and vegetables grown in Uganda	Nil	13% or UGX 300 per litre, whichever is higher
16. Sugar confectionaries (chewing gum, sweets and chocolates)	20%	Nil
17. Furniture		
a) Specialised hospital furniture	Nil	Nil
b) Furniture manufactured in Uganda using local materials but excluding furniture which is assembled in Uganda	10%	Nil
c) Other furniture	10%	20%