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SUPPLEMENT

Legal Notice

No. 15—Declaration of Public Holidays.

General Notice No. 735 of 2007.



Uganda Revenue Authority
PRACTICE NOTE

AMENDED TAX AMNESTY

1. Introduction:

In order to encourage voluntary compliance, the Hon. Minister of Finance, Planning and Economic Development during the 2007/2008 Budget Speech to Parliament, proposed an amnesty on penalties and interests to all taxpayers who shall voluntarily disclose and pay their principal tax liabilities with effect from 1st July 2007 to 31st December 2007.

Whereas the Minister's pronouncement is contained in The Finance Bill (Part vi) 2007, and whereas by the provision of The Taxes and Duties (Provisional Collection) Order 2007, the said provisions of the Finance Bill 2007, have been operational since 1st July 2007.

After further consultations with various stakeholders on this matter, the Commissioner General of Uganda Revenue Authority hereby issues amended Public Notices for the guidance of the taxpayers.

The amnesty covers penalties and interest under the following laws; the Income Tax Act, Cap 340, Value Added Tax Act, Cap 349, East African Customs Management Act 2004, Excise Tariff Act Cap 338, Stamps Act Cap 342. It shall also apply to other laws administered by URA. The amnesty will cover duties and taxes that include; Customs and Import duties,

Excise duties, Value Added Tax, Individual Income Tax, corporation tax, Rental Tax, Pay as You Earn, Withholding Tax and Stamp Duty.

Uganda Revenue Authority reminds the general public to take advantage of the amnesty which will lapse on the 31st December, 2007.

2. Legal Frame Work:

Part VI of the Finance Bill 2007.

3. Definition:

Voluntary Disclosure occurs when a taxpayer, on his own volition, comes forward willingly to disclose his/her tax liabilities, misstatements or omissions in his/her tax declarations in order to return a compliant status with respect to legal obligations.

It involves a taxpayer coming out at his own initiative and reporting what is wrong with his declarations before the URA finds out through some other means such as audits or from third party sources.

Those taxpayers who have pending or scheduled audits, may take advantage of clause 6 of the Finance Bill 2007 by making a full and complete disclosure prior to commencement of the audit. This disclosure will be accompanied by a declaration that all the information given is true.

The voluntary disclosure also covers those people who are not registered or those who are not filing returns.

Penalties, interest and/or fines shall be waived in full where tax or duty is disclosed and paid in full on or before 31st December 2007. No queries will be raised on voluntary disclosure of tax and duty except for purposes of clarity. An Amnesty Certificate confirming grant of amnesty will be issued.

3. How it will be applied:

Voluntary disclosure will be used to disclose and notify URA any misstatements or omissions, not previously reported, by the taxpayer including:-

- Failure to declare tax liability, and any other information statutorily required in determining one's tax liability.
- Claiming non allowable deductions, expenditures or losses.

(c) Under declaration of income, output tax or Customs values. (d) Over declaration of input tax (e) Failure to withhold and/or remit taxes deducted at source. (f) Non submission of records, returns or documents. (g) Submission of incorrect records, returns or documents (h) Making false or misleading statements to URA.	It is also important to note that Voluntary disclosure does not absolve a taxpayer from legal obligations such as filing correct returns, making proper customs declarations or paying duty, taxes or any other revenues by the prescribed due date and manner to URA. Any taxes arising out of voluntary disclosure that remain outstanding by 31st December, 2007 shall attract interest in accordance with the law.
4. Eligibility Any person, including a resident or non resident employer, employee, individual, partnership, company, trustee, retirement fund, government, a political subdivision of Government or a listed institution is eligible for voluntary disclosure tax amnesty. The eligible persons include those who are already on the tax register, i.e. "filers" as well as those who are not on the register.	7. Mode of Notification: Notification will be as prescribed below and shall be deemed made at the earlier date of: Either (a) Receipt by the URA of notification on a Tax Amnesty Application (TAA) form prescribed by the Commissioner General, advising of the misstatement, omission or any disclosure affecting the taxpayer's liability. Or, (b) In cases scheduled for audit from 1st July 2007 to 31st December 2007, a taxpayer's application for amnesty for voluntary disclosure before commencement of the audit. The taxpayer will still complete the tax amnesty application form.
5. Benefits from Tax Amnesty A person who voluntarily discloses and pays his/her tax liability in full shall be entitled to remission of penal tax, interest and/or fines on the principal tax that arises out of the voluntary disclosure.	8. Subject of Voluntary Disclosure A Voluntary Disclosure made by a taxpayer shall address a particular tax head and shall be in relation to a particular tax period. Where a taxpayer is of the considered opinion that his voluntary disclosure shall affect different tax heads, such taxpayer shall make a different submission for each tax head.
6. Exceptions The Tax Amnesty, however, does not cover the following:- (a) The principal tax due from the voluntary disclosure. (b) Penal tax, interest and fines already assessed as at the time of the Amnesty (1st July 2007). (c) A disclosure that relates to errors that would routinely generate an assessment if not otherwise disclosed; for example arithmetical errors. (d) Where the Commissioner General has acquired information directly related to the specific liability of the taxpayer from cases pending court decisions. (f) Cases under audit or investigation as at 30th June, 2007, unless the taxpayer has made a complete and voluntary disclosure of the information that was missing. (g) Penalties, Interest and fines already imposed for non or late submissions of returns. (h) Taxes assessed by URA	9. Voluntary Disclosure Content A Voluntary Disclosure shall be made in writing to the Commissioner General and shall include the following details:- (a) The full particulars of the taxpayer including name, business name, TIN (for registered taxpayers), address (Physical location, and postal address) telephone/ fax number and Email address. (b) The nature of misstatements and omissions that occurred. (c) The period to which the disclosure relates. (d) Complete disclosure of all information about the misstatements or omissions to allow all the facts to be verified. (Voluntary disclosure is self assessment). (e) A declaration that the information given entails a full disclosure. (f) Full name and signature of the person making the disclosure. (Note: for Partnership or Corporate organizations, particulars of the authorized person(s) should be included).
10. Tax Amnesty Application Form: The Commissioner General has prescribed a Tax Amnesty Application (TAA) form to be used for purposes of making Voluntary Disclosures, and;	

- (a) Any person applying for tax amnesty will be required to fill the TAA form. This form shall be available at all URA offices and will be availed for free.
- (b) The taxpayer will be required to submit a return in duplicate with the form disclosing the tax payable. In case of a registered taxpayer, instead of amending the old returns to which the declarations relate, a fresh return shall be filled clearly stating the period to which the declarations relate. However, where the disclosure is of voluminous nature, (e.g. PAYE and VAT, the disclosure is for 5 years that would normally require 60 returns), the taxpayer will now complete one form accompanied with a schedule of the tax affairs. Details can be obtained from your nearest URA Office.
- (c) Upon receipt of the application at URA offices, the taxpayer will immediately be issued with a BPAF clearly marked, "TAX AMNESTY FOR THE PERIOD....." to pay the principal tax.

11. Additional Information:

Where additional information is required for purposes of clarification, the Commissioner General shall require the taxpayer by a notice in writing to provide such information within a period not exceeding seven working (7) days from the date of service of such notice.

12. Validity of Voluntary Disclosure:

A Voluntary disclosure is valid if it is:

- (a) Voluntary - Is initiated by the taxpayer without the knowledge of an enforcement action by URA or from an existing assessment.
- (b) Complete- A full disclosure of complete and accurate details of all previous misstatements or omissions and this shall include full and accurate details of all previously inaccurate, incomplete or unreported information.
- (c) Period- Relates to a period for which either a wrong declaration was previously made or no declaration was made to the Commissioner-General.
- (d) Installments payments- installment payments shall be settled in full by 31st December 2007.

13. Remission Rate Structure:

The taxpayer shall be eligible for 100% remission of the penal tax, interest and/or fines that is due or applicable to the principal tax established or assessed after voluntary disclosure. Remission will be made upon full payment of the principal tax by 31st December 2007.

14. Scope of Remission:

The remission accruing to a Voluntary Disclosure shall be enjoyed as follows:

- (a) The remission of penal tax and interest shall be restricted to the tax head disclosed.
- (b) Because tax heads are interlinked, taxpayers are encouraged to make full disclosure covering all tax heads.

15. Disposal of a Voluntary Disclosure:

For avoidance of doubt, the taxpayer shall only pay the principal tax on the assessment arising from voluntary disclosure. Thereafter an Amnesty certificate signed by the Commissioner General will be issued.

16. NOTE:

URA reserves its right to subsequently audit a taxpayer's books and records, subject to statutory time limits. The audit may include all or part of a voluntary disclosure period. The taxpayer will be required to keep all information relating to this disclosure for a period of 5 years. All applicable penalties, interest and fines will apply to additional taxes discovered to be due that have not been paid. If any of the factual representations made in the voluntary disclosure process are found to have been materially misrepresented or a material fact is found to have been omitted by the taxpayer or its representative, URA may consider the tax amnesty null and void and proceed as though the amnesty never existed. Applicants who decide to make disclosure on the last day of the amnesty, i.e. 31st December 2007, will inevitably have to settle the principal tax in full on that day in order to qualify for the Voluntary Disclosure Tax Amnesty. You are therefore advised to make your Voluntary Disclosure early enough to maximise on the Voluntary Disclosure Tax Amnesty Benefits.

Remember:

- Since investigation cases can go back 5 years, here is an opportunity to disclose voluntarily, taxes or duties dating back 5 years.
- URA desires taxpayers to police themselves during the amnesty period to build confidence in the tax amnesty exercise.
- A person who is eligible for the amnesty will be issued with an Amnesty Certificate after full payment of the principal tax has been made within the prescribed legal time-frame.

Tax amnesty is a golden opportunity and URA wishes to encourage the general public to benefit from it and to make complete disclosures by 31st December 2007.

APPLY NOW!

For enquiries please call our Toll free Line: 0800117000 or visit your nearest URA office.

ALLEN KAGINA (MRS),
Commissioner General.