

Tax & Legal Alert
April 2022



Application for withholding tax and withholding VAT exemption

Applications for the period 2022/2023 have commenced.

The Uganda Revenue Authority (URA) has issued a Public Notice announcing the commencement of applications for exemption from withholding tax (WHT) and withholding VAT (WVAT).

This communication highlights the key issues resulting from this Public Notice and related potential implications to taxpayers.

The public notice is to notify all resident persons interested in being exempt from WHT and WVAT to apply for the same.

1. Timelines

- Applications should be submitted online within a period of two months starting **15 April 2022 to 15 June 2022**.
- Importers of major plant and machinery that wish to apply for exemption from WHT on imports for the year, should have lodged their application by **30 June 2022**.
- The exemptions granted by the Commissioner are valid from 1 July 2022 to 30 June 2023.
- URA reserves the right to cancel a taxpayer's exemption status if the taxpayer or a director (in the case of a company) defaults on their tax compliance obligations within the year.

Applicants' eligibility for exemption shall be evaluated based on their level of compliance with tax obligations in consideration of the criteria as indicated in the URA compliance checklist

2. Application process

All applications shall be made online using the URA web portal (www.ura.go.ug)

- Log in using your TIN
- Under e-services, click e-registration, click on others and select Withholding Tax Exemption Application
- Proceed to fill in the all required fields in the application and submit the application.
- One will be required to attach the relevant documentation online before submitting the application.
- URA will consider the application and either grant or decline to grant the exemption.
- If the application is not granted, URA sends an email to the affected persons stating the reasons for rejection.

Appeals:

To ensure a fair hearing, URA allows the affected persons whose applications have been rejected to address the reasons for rejection and then make an appeal within a stated period of time.



3. URA compliance checklist

Below is a checklist applied by URA to determine compliance.

1. Do all the directors/associates have Tax Identification Numbers (TINs)?
2. Have you been in operation for at least 3 years?
3. If you are less than 3 years on the register, are you importing Plant and Machinery whose CIF value is at least USD 150,000?
4. Do you have an existing Income Tax exemption?
5. Is your registration profile up to date including correct address, tax types, directors' details, and all required information?
6. Do you issue EFRIS invoices/Receipts to all clients? (Applicable to VAT registered Taxpayers)
7. Do you apply tax stamps to all applicable products? (Applicable to LED registered Taxpayers)
8. Do you have a Tax Agent as provided in the Tax procedures code Act? If Yes, provide the TIN (s) in the remark.
9. Are you a Designated Withholding Tax Agent?
10. Are you registered for WHT as a Tax type?
11. Are you deducting & filing WHT (Income Tax and VAT) by its due date?
12. Do you declare all your local suppliers' TINs in the WHT returns?
13. Do you file all tax returns by their due date?
14. Do you apportion input VAT claimed? (Applicable to VAT registered persons dealing in taxable and exempt supplies)
15. Do you declare the correct customer TINs and Names in the VAT returns other than sales to final Consumers? (Applicable to VAT registered persons)
16. Do you fully declare all your employees' remunerations in the PAYE return with correct Employee TINs?
17. Are all directors earning monthly salary declared in the P.A.Y.E returns?
18. Where directors are not on the payroll and have various sources of income, are they filing individual returns and declaring income from all sources?
19. Do you declare rental income separately from business income? (Applicable to those receiving both rental and business income)
20. Have you incurred any expenditure above five million shillings in one transaction on goods and services from a supplier who does not have a TIN?
21. Do you provide valid TIN(s) and Name(s) of the landlord in your Income Tax returns? (Applicable to those incurring rent expenses/expenditure)
22. Have you been making losses in the past three financial years?
23. Have you paid penalty for under estimation of the provisional Income Tax return? (Where applicable)
24. Do you remit tax from your suppliers who are not exempted from withholding Tax?
25. Do you pay all your taxes by their due dates?
26. Are your total Domestic Tax payments above UGX 100m in the recent twelve (12) months?
27. If you have any outstanding Tax liability, are you under any approved instalment plan?
28. Have you been under any enforcement method by URA to recover Tax in the last one year? e.g. Agency Notice, Warrant of distress, Customs Lien etc.
29. If you dispute your ledger tax balances, have you engaged URA over the disputed tax balances in the last three months?
30. Have you ever applied or benefitted from a tax waiver? If yes explain
31. Have you been investigated by the Tax Investigation Department of URA in the last three years? If yes, explain Most of the questions are Yes or No answers unless required to explain.



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