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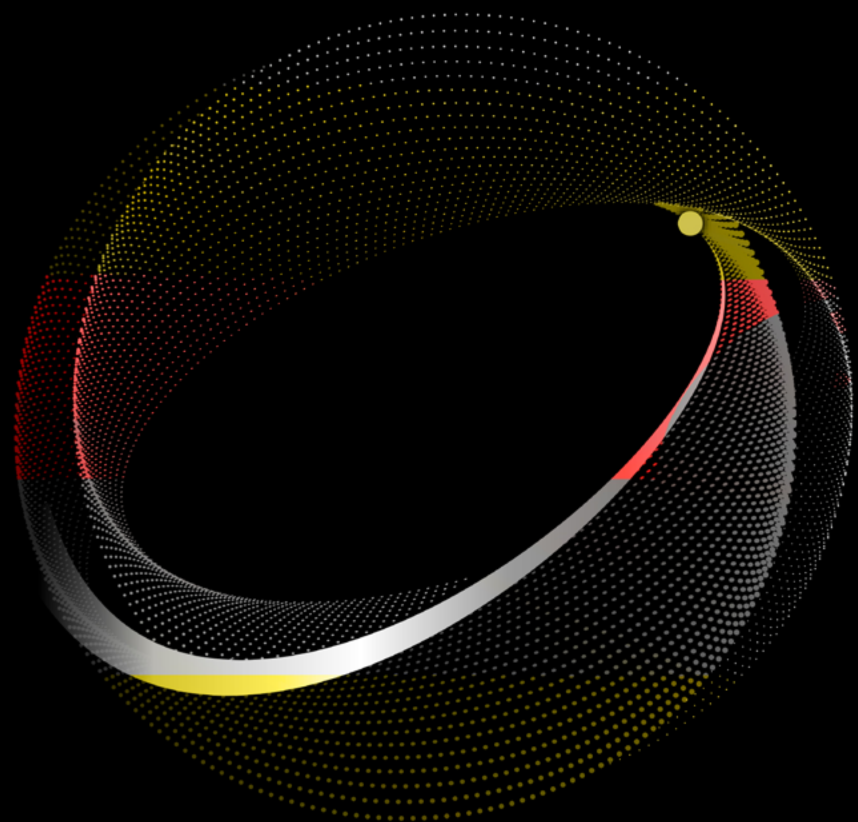

Uganda Budget Highlights 2023/24

Navigating headwinds for inclusive growth

JUNE 2023

MAKING AN IMPACT THAT MATTERS since 1845

Introduction

This publication highlights the tax and other measures proposed as per the 2023/24 Amendment Acts. This publication constitutes only a brief guide and is not intended to be a comprehensive summary of the tax law and practice. This publication summarizes our analysis of the Amendment Acts and their impact of the following:

- The Income Tax (Amendment) Act, 2023;
- The Value Added Tax (Amendment) Act, 2023; and
- The Tax Procedures Code (Amendment) Act, 2023;

The Acts were passed by Parliament and will take effect after assent by the President on 1 July 2023.
We have also included noteworthy cases in the last year that impact the interpretation of the tax provisions or establish practice as well as the long-awaited regulations meant to guide how the Alternative Dispute Resolution (ADR) by Uganda Revenue Authority (URA) is to be conducted.
While all reasonable care has been taken in the preparation of this analysis , Deloitte and its associates accept no responsibility for any errors it may contain, whether caused by negligence or otherwise, or for any loss, however caused or sustained by any person that relies on it.

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Message from Managing Partner

It is Mid 2023 and we are now running the fourth year since the start of the 2019 Covid pandemic. As much as companies and economies have weathered the major challenges, we now face long term effects of the pandemic, medically referred to as “long term Covid-19”.

For Uganda, we see the ripple effect in the cost of living, with inflation having averaged 7.2% in 2022 owing to an increase in commodity prices as well as supply chains disruptions.

The focus of recovery is now on stimulating our economy back to production, navigating the global and local headwinds of political uncertainties, supply chain disruptions, impacts of climate change and labour market challenges.

Deloitte remains committed to making an impact that matters in our markets and communities. Our East African practice has collectively planted over 10,000 trees so far, with an overall goal of impacting over 1.6 million lives in our community.

We remain equally committed to support the SME sector, steering Leadership, Governance and Next Gen solutions that will ensure longevity and accountability in Family-owned business. Purpose beyond profit.

Every year, our team of economic and subject matter expert make an analysis of the key economic indicators and the budget speech to give you a sectorial view of the Government priorities and funding allocation, and their possible impact on the economy and businesses at large.

We additionally publish periodic Tax Alerts on new developments on Tax related matters. Please find our EA Tax alerts here.

Enjoy the insights and feel free to reach out in case you need any additional information.

> “For Uganda, we see the ripple effect in the cost of living, with inflation having averaged 7.2% in 2022 owing to an increase in commodity prices.”

Nobert Kagoro
Managing Partner
Deloitte Uganda

Foreword

A year back, economies around the world were in a state of ambiguity given the drastic shifts resulting from the Covid-19 pandemic and we were all coming to terms with warnings of recession and economic decelerations. There is still a lot of pessimism about the direction economies will take. The global economy remains fragile in 2023. Uncertainties persist due to an unprecedented convergence of factors—Russia's invasion of Ukraine, supply chain disruptions, continued inflationary pressures, and tightening monetary policy across the world. The potential for a mild recession or stagflation in many economies is still possible.

According to the Bank of Uganda, while Uganda's economic growth outlook remains highly uncertain, inflationary pressures are easing, and economic recovery is underway. The economy is predicted to grow in the range of 6.0% - 6.5% in FY2023/24 bolstered by investments in oil related infrastructure, the energy sector, transportation, and a recovery in the manufacturing and construction sectors.

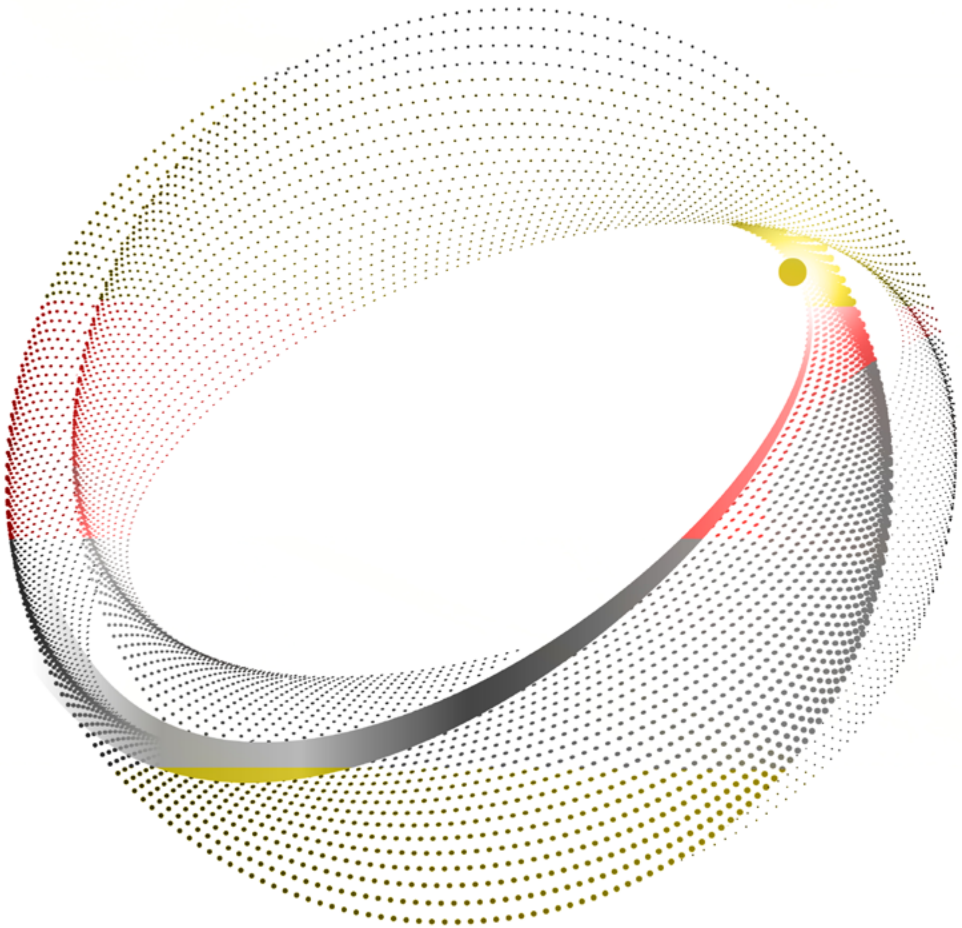
"The potential for a mild recession or stagflation in many economies is still possible."

Uganda has earmarked a number of key priorities for the next fiscal year, including boosting household incomes and micro enterprises; Commercializing agriculture to enhance production and productivity and improve competitiveness of agricultural products; Supporting private sector growth; Investing in the People of Uganda; Improving the stock and quality of Infrastructure; and Expediting implementation of strategic interventions in innovation, research and development, and the minerals, oil and gas industry.

This publication provides deeper insights into the current economic situation and a review of the fiscal 2023/24 budget, that we trust you will find valuable. Enjoy the read!

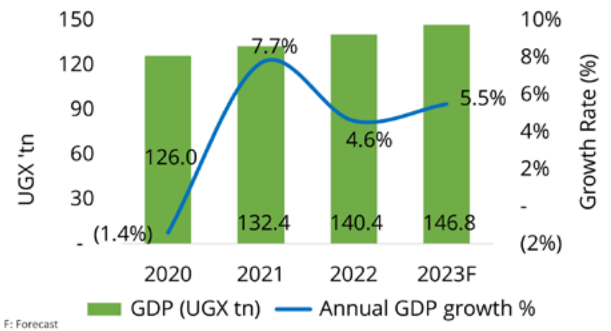
Mabel Ndawula
Director, Consulting
Deloitte East Africa

Economic Outlook



Economy at a glance

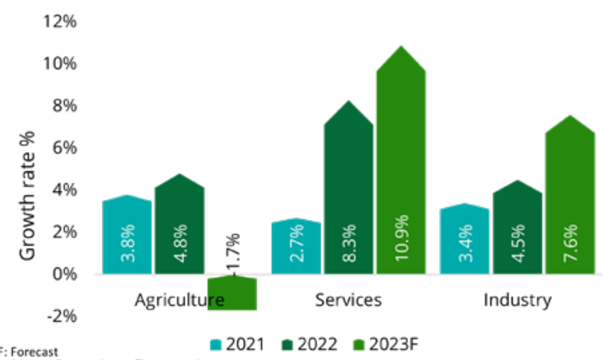
GDP Growth



F: Forecast
Source: Economic Intelligence Unit

- Uganda's GDP growth declined from 7.7% in 2021 to 4.6% in 2022, owing to depressed economic activity following prolonged COVID-19 restrictions, depreciation of the UGX against major currencies, increased inflation and supply chain bottlenecks stemming from the Russia-Ukraine crisis.
- Uganda's economy remains resilient and is projected to grow at 5.5% in 2023, underpinned by developments in the oil and gas sector, which are expected to drive foreign direct investment and industrial expansion.
- However, regional insecurity arising from the continued internal conflict in the Democratic Republic of Congo and expected poor performance in the agriculture sector could pose a downside risk to the forecast.

Sectoral Growth Rate



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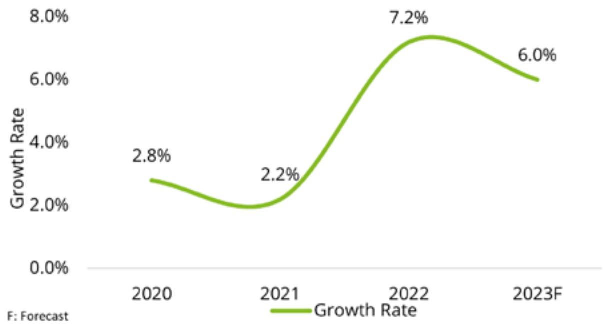
Source: Economic Intelligence Unit

- The agriculture sector grew by 4.8% in 2022 driven by increased agricultural yields owing to favourable weather conditions. The sector is expected to perform poorly with a contraction of 1.7% in 2023 due to decline in global prices of coffee, which is a major export.
- The 8.3% growth in the services sector in 2022 was mainly due to a rebound in education and wholesale & retail trade, following the lifting of COVID-19 restrictions. The sector is projected to grow by 10.9% in 2023, driven by increased trade activity and tourism.
- Industry grew by 4.5% in 2022 compared to 3.4% in 2021, driven by government investment in infrastructure, mainly relating to road construction and oil projects. Growth is expected to increase to 7.6% in 2023, following the approval of the construction of the East African Crude Oil Pipeline.

Key macroeconomic highlights

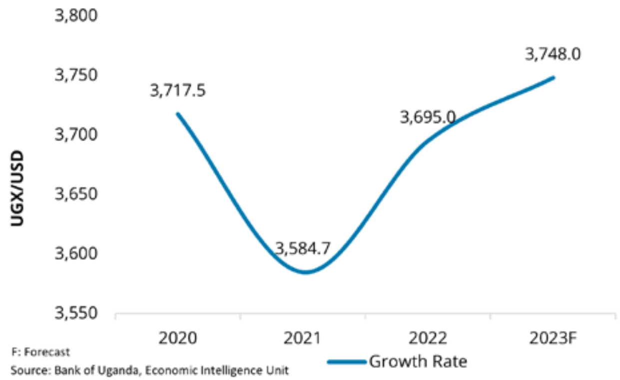
Inflation



F: Forecast
Source: Economic Intelligence Unit

- Uganda's inflation surged to 7.2% in 2022 from 2.2% in 2021 due to increased global commodity prices that trickled down to local prices. Furthermore, the high cost of food due to adverse weather conditions and global supply challenges arising from the Russia-Ukraine crisis also contributed to the rise in inflation. Additionally, the zero-COVID policy in China created supply chain bottlenecks both locally and internationally that led to a rise in inflation.
- In 2023, inflation is expected to ease to 6.7% due to tightened domestic monetary policies and a decline in the global prices of fuel and other commodities due to the continued easing back of supply chain challenges.

Exchange rate



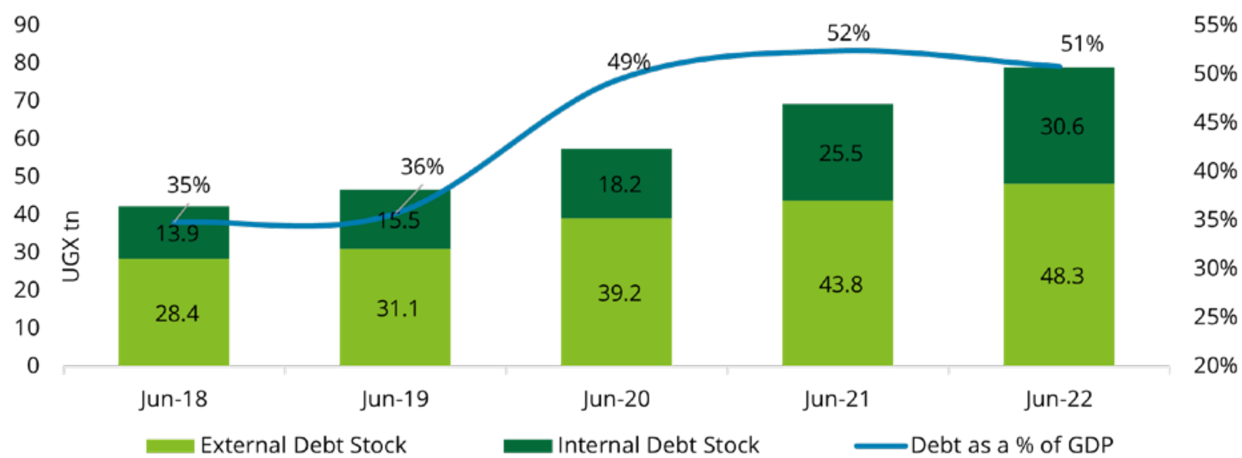
F: Forecast
Source: Bank of Uganda, Economic Intelligence Unit

- The Ugandan Shilling (UGX) weakened to UGX 3,682/USD in 2022 from UGX 3,584.7/USD in 2021, as a result of the tightening of monetary policies by the US, in response to the rising global inflation. The UGX is expected to further weaken in 2023 to UGX 3,748/USD due to increased US Dollar demand by importers.
- Foreign currency reserves declined from an import cover of 4.7 months in 2021 to 3.5 months in 2022. The decline was due to the widening of the trade deficit. As at April 2023, the Bank of Uganda had foreign currency reserves worth 3.8 months of import cover, which are expected to continue to provide adequate cover in the short term. However, these were below the 4 months target by Bank of Uganda and 4.5 months target by East African Community.

"GDP growth in 2023 is expected to remain muted at 5.7%"

Key macroeconomic highlights

Debt



Source: Bank of Uganda & Economic Intelligence Unit

Domestic borrowing in FY 2023/24 is projected at UGX 1,585bn, UGX 3,423bn lower compared to UGX 5,008 in FY 2022/23. This is a deliberate effort by the government to ensure that domestic borrowing is less than 1% of GDP, to avoid crowding out of the private sector.

Owing to Uganda's fairly stable exchange rate, favourable maturity structure of external debt and a shift towards concessional loans, Uganda's risk of public debt distress is moderate, and public debt remains sustainable.

Rating Agency	2023 Outlook
Moody's	B2 (Negative)
S&P Global	B/B
Fitch Rating	B+ (Negative)

Source: Moodys, S&P Global and Fitch

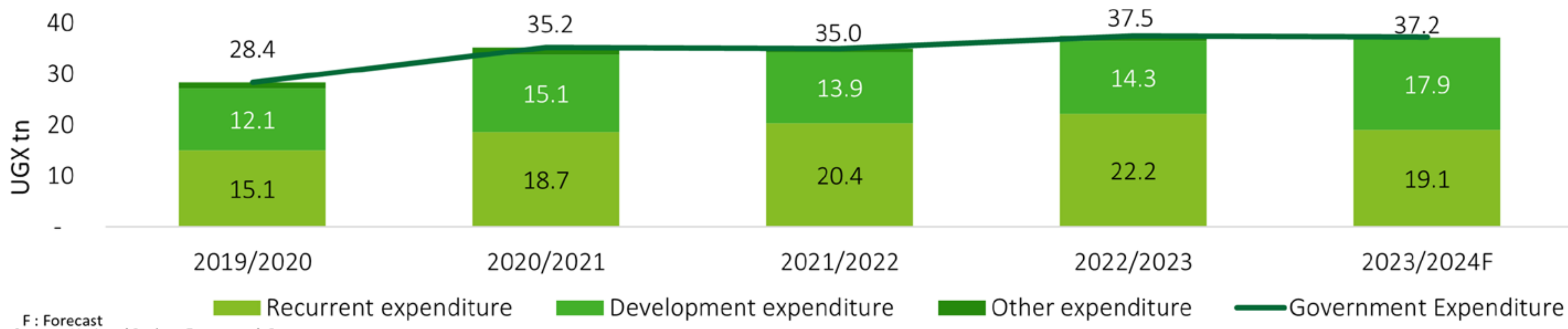
According to Moody's, Uganda's credit rating has declined from a B stable in 2022 to a B2 negative in 2023.

At end of June 2022, Uganda's total debt as a percentage of GDP was 50.8%, a 1.6% decline from 2021. The decline was due to reduced borrowing in order to maintain Uganda's debt within the debt ceiling of 50% of GDP.

According to the Ministry of Finance, Planning and Economic Development, the debt to GDP ratio is expected to increase to 53.1% by the end of June 2023 owing to increased infrastructure loans.

Budget overview

Government Expenditure Overview



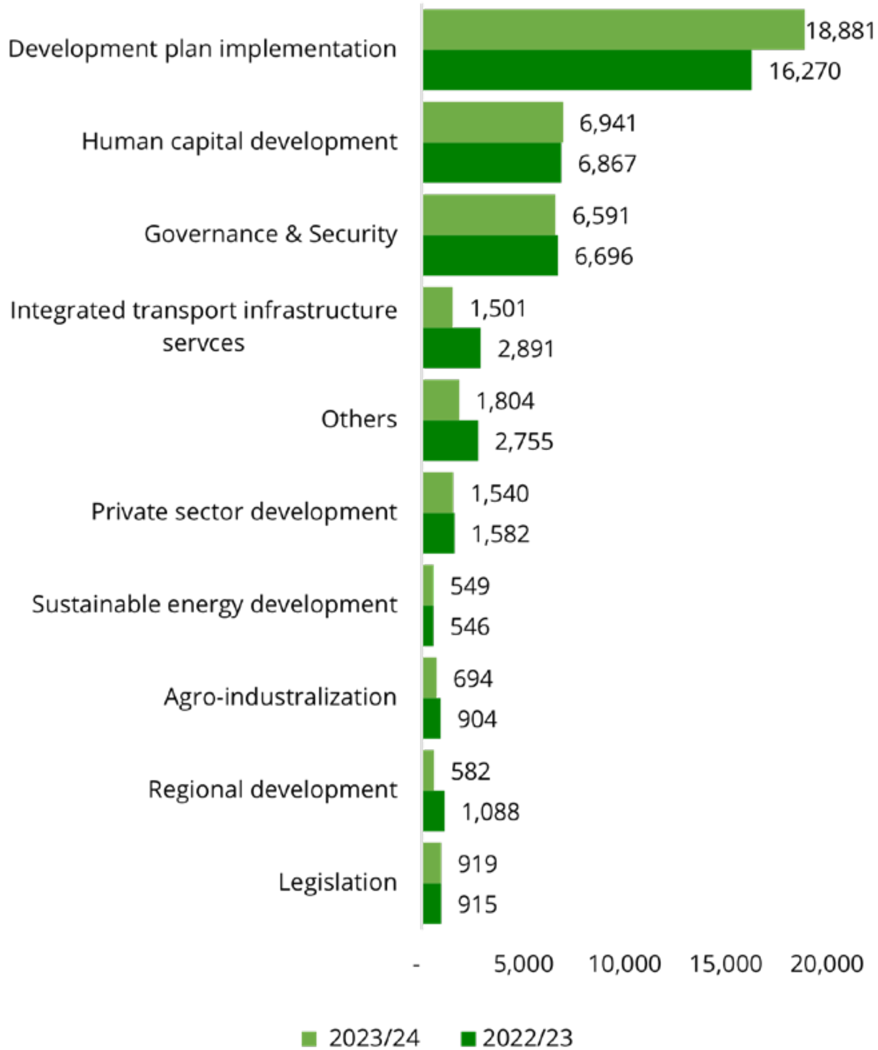
F : Forecast
Source: National Budget Framework Paper

- FY 2023/24 total expenditure is projected to amount to UGX 37.2tn, with recurrent expenditure accounting for 52% and development expenditure 48%. Government expenditure is expected to educe by UGX 0.3tn in 2023/2024 due to efforts by the government to reduce the country's fiscal deficit.

- UGX 17.9tn has been allocated to Development expenditure in FY 2023/24 and will be financed mainly through a mix of external funding expected to amount to UGX 5.8tn, while domestic financing is expected to be UGX 0.33tn. Key infrastructure projects that are expected to benefit are the Standard Gauge Railway, rehabilitation of the Meter Gauge Railway, road maintenance and water transport development.

- Recurrent expenditure has received an allocation of UGX 19.1tn. Interest payments in FY2023/24 are estimated at UGX 6.1tn, wages at UGX 6.4tn, while other current spending is estimated to amount to UGX 6.5tn. Recurrent expenditure is expected to decline by 3.1tn in FY2023/24.

- Fiscal deficit as a % of GDP is expected to decline from 7.2% in 2022 to 6% in 2023, owing to the implementation of the Domestic Revenue Mobilisation Strategy (DRMS), which targets to maximise revenue collection and increase revenue to GDP growth by 0.5% every fiscal year by increasing tax to GDP ratio to between 16-18%.



*Note - these are exclusive of debt expenditures
Source: National Budget Framework Paper

The largest winners in the 2023/2024 budgetary allocation include:

Development Plan Implementation

- Development plan implementation comprises 50.7% of the total budget and received a UGX 2,611bn increase in budgetary allocation following the government's focus on programmes targeted at increasing efficiency in the realisation of the National Development Plan. Key priorities include addressing infrastructure challenges and promoting industrialisation.

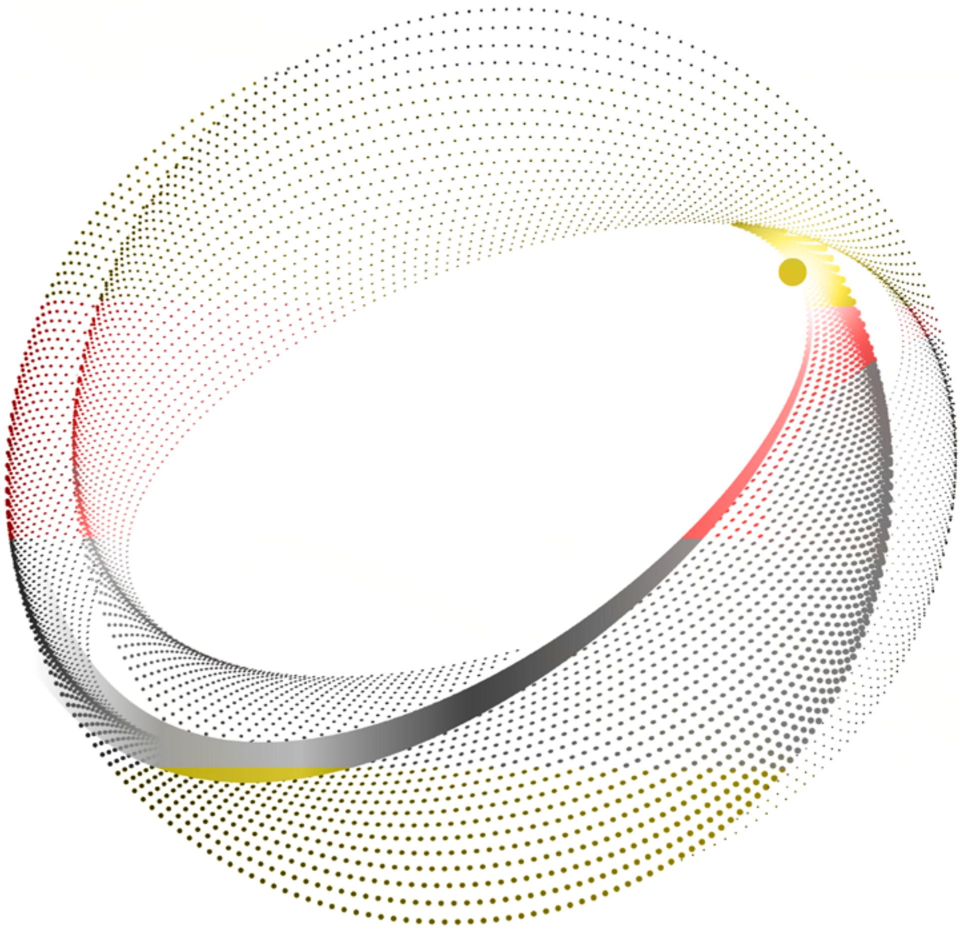
Human Capital Development

- Human capital development is the second biggest winner comprising 18.7% of the total budget at UGX 6,941bn. Services involved include healthcare, education and water for human consumption. The government intends to implement programmes aimed at migrating the population from a curative healthcare system to a preventive healthcare system. In education, the government aims at promoting Science, Technology, Engineering and Mathematics programmes (STEM).

Governance and Security

- The third biggest winner is governance and security with an allocation of UGX 6,591bn, equivalent to 17.7% of the total budget. The government is keen on improving security in the country to ensure economic prosperity. Top government priorities include strengthening of the intelligence unit, training personnel and investing on security infrastructure.
- On governance, the government intends to increase efforts to fight corruption and improve monitoring and evaluation of government projects.

Tax Changes



Our view on Direct Taxes

- In the last couple of years, although the Tax Collection target has continued to increase, there have been no significant amendments increasing tax or introducing new taxes. As such URA's emphasis has been on compliance and Tax Administrative Reforms intended to streamline and create efficiency in tax administration
- Particular focus has been on:
  a. Digitalization – seen in campaigns and roadshows relating to the EFRIS system and Digital Tax stamps
  b. Integration with other Government systems for greater transparency related to the tax base
  c. Continued taxpayer education through publications, radio and television shows as well as taxpayer forums/engagements
  d. Increased compliance audits and enforcement
  e. Requirement for Tax Identification Numbers for approvals and licensing under other Regulatory bodies
- These efforts have in turn resulted in an increase in a number of tax cases given the quantum of assessments issued and number of contentious issues arising be it in respect to interpretation or procedure.
- With an increase in the revenue collection target for FY24, we expect a further increase in the number of tax cases coming before the Tax Appeals Tribunal and it is timely that in FY24, the number of members of the Tribunal is being increased to manage the number of cases.
- At the same time, we have seen the enactment of the ADR regulations and what remains to be seen is how effective this process will be and whether those involved will be independent of the audit and objections team in considering matters that come up objectively and with a fresh perspective.

Taxpayers would like a change to the requirement of 30% payment of tax in dispute before appealing to TAT

Patronella Namubiru
Associate Director, Tax & Legal
Deloitte East Africa

Corporate Tax

#	Proposed Change	Details	Our comments
1	Capping of interest on unpaid tax	Repeal of the provision under the Income Tax Act (ITA) waiving any penal tax and interest due and payable by 30th June 2017 in excess of the aggregate of the principal tax. **Who will be affected** Persons with unpaid tax for the above period. **Effective date: 1 July 2023.**	Although being repealed under the ITA, this provision is then being proposed to be included in the Tax Procedures Code Act (TPCA) which would then align to the repeal of a similar provision under the other tax laws. This is simply to consolidate this provision in the TPCA which covers all domestic taxes.
2	Extension of list of exempt institutions	ZEP-RE (PTA reinsurance Company) has been added to Listed Institutions under the First Schedule whose income is exempt from tax. **Who will be affected** ZEP-RE (PTA reinsurance Company) **Effective date: 1 July 2023.**	This list mainly comprises Development Partners and Funding Agencies of different countries that support or provide funding for priority initiatives/ sectors/Projects under the Government of Uganda's National Development Plan. ZEP-RE (PTA reinsurance Company) is seen as a strategic partner in the reinsurance sector in Uganda. Note: This exemption has also been extended to the VAT Law by listing ZEP-RE under the First schedule to the VAT Act as a Public International organization
3	Repeal of Initial Allowance provisions	Removal of initial allowance (IA) deduction for qualifying plant and machinery (50%) and industrial buildings (20%) **Who will be affected** All taxpayers purchasing assets qualifying for Initial Allowance **Effective date: 1 July 2023.**	This is most likely intended to counter the allowable tax depreciation expense for taxpayers with significant capex which in turn reduces the taxable income on which corporation tax is computed. This started with the introduction of the deferment of tax depreciation under the different asset classes in cases where an asset qualified for initial allowances which most likely did not have the desired effect and now being proposed to be removed completely. This provision has allowed investors recoup the cost of their investment earlier as a result of the deductions granted without having to pay tax at the same time.

#	Proposed Change	Details	Our comments
4	Extension of interest capping exemption to other financial institutions	The 30% of EBITDA interest capping exemption in instances where a person who is a member of a Group has interest bearing debt (regardless of whether this is owed to 3rd parties) is being extended to other categories of financial institutions which term has traditionally been understood by many to mean just banks. **Who will be affected** Microfinance deposit taking and Tier 4 micro- finance institutions **Effective date: 1 July 2023.**	This should be a welcome measure for the Tier 4 micro –finance institutions given that there has always been ambiguity over whether they are financial institutions under the definition and therefore entitled to take benefit of the exemption. Additionally, debt, whether from related or 3rd parties is a significant aspect of being able to operate within this sector.
5	Extension of exempt income	Exemption from tax of the employment income of a prosecutor in the Office of the Director of Public Prosecution **Who will be affected** Prosecutors in the Office of the Director of Public Prosecution **Effective date: 1 July 2023.**	This is intended to have the effect that these individuals, who have a significant caseload have a higher take home net pay. This group of individuals has in the past striked or threatened to do so over low pay which is not commensurate to the caseload that they do have. This increases the take home pay without having to increase the budget allocation for salaries for this category of public servants.
6	Repealing collection of Withholding tax from gaming	Withholding tax will not apply to gaming **Who will be affected** People who engage in gaming **Effective date: 1 July 2023**	
7	Amendment of definition of 'company'	The definition of "company" in the Income Tax Act has been redefined to means "a body of persons corporate or unincorporated, whether created or recognised under the law in force in Uganda or elsewhere but does not include a trust or partnership"	This has been redefined with a unit trust being removed from the definition
8	WHT on commissions paid to agent bankers	Imposition of 10% WHT on commissions paid to agent bankers	To align the taxation of agent bankers to that other agents providing the same kind of services such as air time and mobile money agents.

Our view on Indirect Taxes

Domestic taxes have continued to grow year on year and have the biggest contribution of the revenue collections estimated at about 35%. This is a reversal from pre-covid years where tax on international trade was the biggest contributor to revenue collections.

Domestic direct taxes have a greater contribution (comprising PAYE, Corporate Tax, Presumptive Tax, Withholding Tax, Rental Income Tax, Tax on Bank Interest (W/O BOU), Tax on Bank Interest (Treasury Bills) and Casino) than the indirect to the revenue collections.

The tax heads which drive the domestic direct taxes are mainly Pay As You Earn (PAYE), Corporate tax and withholding tax with PAYE being the biggest contributor. Given the collection mechanism, this comes as no surprise.

There have been no significant changes to the Income Tax Act with the exception of the removal of initial allowance deduction which resulted in acceleration of recovery of cost of depreciable assets and in a number of cases tax losses especially for entities with significant capital expenditure. While the URA had hoped to expand the tax base through the introduction of a 5% withholding tax on disposal of any asset (depreciable or capital) which would have resulted in a much wider base of those responsible for payment of this tax including individuals disposing of personal items, this was unsurprising not passed by Parliament. But perhaps the one that would have created problems especially at an internal level was the proposed introduction of a digital services tax. This too was not passed by Parliament. URA will therefore need to rely on the existing taxes to see how it meets the increased revenue target.

Patronella Namubiru
Associate Director, Tax & Legal
Deloitte East Africa

Value Added Tax (VAT)

#	Proposed Change	Details	Our comments
1	Expansion of definition of supply of goods	Extension of meaning of when a supply of goods takes place to include the ' supply of goods by auction made by the auctioneer as the supplier in the course of auctioning goods." Creation of a distinction between the 'supply of goods by the auctioneer' and 'supply of auction services' **Who will be affected** Auctioneers **Effective date: 1 July 2023**	This amendment seeks to treat the auctioneer as the person who has made a supply not just of their own services (which is already a taxable supply) but also the supplier of the goods they are auctioning. This in turn places the responsibility on the auctioneer to account for VAT on the auctioned goods. This is regardless of the fact that there is no nexus between the auctioneer and the goods in question, whether as a person who owns or has an interest (such as a lien or other charge) over the property. The auctioneer merely rends a specific service as an agent of the person selling the goods.
2	Credit for Input Tax	Non-creditable input VAT has been expanded to cover a taxable supply relating to: payment for membership of a person in a club, association or society of a sporting, social or recreational nature; and Goods or services supplied by a non-resident who has no place of business in Uganda and are deemed to have their place of supply in Uganda under section 16(2) of the VAT Act A credit for input tax is restricted to supplies for "business use" or "use in the business" and only those related to generating a taxable supply **Who will be affected** VAT registered taxpayers. **Effective date: 1 July 2023**	The restriction of a taxable person to claim input VAT in an instance where a non-resident person has paid this to URA as VAT on ESS is meant to extend the principle that VAT on imported services (i.e. services received from a non-resident person) is not creditable VAT regardless of who accounts for the same. What these amendment has still not addressed is the potential for VAT on ESS to be accounted for by a resident person (due to the obligation by an importer of services into Uganda to account for VAT under section 4 read together with section 5) and a non-resident providing ESS under section 16(2). We should expect more audits from the tax authority in order to verify input tax for business use purposes. Care should therefore be taken when claiming credit for input tax
3	Capping of interest on unpaid tax	This is a similar repeal as that under Income Tax on the capping of interest to total of principal and penal tax as well as waiver of such interest in excess due for the period to 30th June 2017. **Effective date: 1 July 2023**	The different Tax Acts had this provision and the repeal of the same on the basis of the Tax Bills presented was for this to be consolidated in the Tax Procedures Code Act. We do note however that the proposed amendment to the TPC relating to this was not passed by Parliament.

#	Proposed Change	Details	Our comments
4	Amendment to provisions relating to VAT on Electronically Supplied Services. (ESS)	The place of supply of services by a non-resident with no place of business in Uganda is considered to take place in Uganda and therefore subject to VAT if the recipient of the supply is not: • a taxable person; or a person who makes a supply with a total annual value in excess of UGX 150m; or a Government entity that is not registered for VAT. The time of supply of ESS services is when these are delivered to a person in Uganda The definition of ESS has also been clarified as to the mode of delivery as services supplied through an online or digital network by a supplier from a place of business outside Uganda to a recipient in Uganda The list of what is included as an ESS has been expanded to include: • advertising platforms; streaming platforms and subscription-based services; cab-hailing services; cloud storage; and data ware housing The Minister will have powers to not only prescribe rules relating to determination of delivery of ESS services in Uganda but also to add to the list of services to be considered as ESS. In an addition the above it is proposed to allow providers of ESS to file returns and pay the tax in the return in United States dollars **Who will be affected** Non-residents providing ESS and consumers of ESS in Uganda **Effective date: 1 July 2023**	The redefining of what is meant by ESS seeks to remove ambiguity that could exist on the basis of the mode through which ESS are provided. The current definition references provision or delivery remotely. The expansion of the list of the type of services characterised as ESS speaks to the current trends as to the type of services a person, especially individuals who are end customers and therefore not required to account for VAT themselves, have access to. By giving the Minister power to determine when ESS is deemed to be delivered in Uganda as well as what additional services are ESS, it removes the need to wait for amendments to be made through the Tax Bills, which need to go through Parliament and therefore have a longer process. Allowing non-residents to file and pay tax in USD is intended to make it easier for non-residents to comply.
5	Modification of Exempt Supplies Schedule	Limitation of exemptions: For iron ore production inputs, only to billets for further value addition in Uganda Inclusion of the following as exempt supplies: The supply of animal feeds and mixed components such as eggshells, feed additives, wheat bran, maize bran, premixes, concentrates and seed cake. Removal of exemptions for: All production inputs necessary for processing of hides and skins into finished leather products in Uganda and the supply of leather products wholly made in Uganda; and Supply of cotton seed cake. Diapers (for both young and old) **Effective date: 1 July 2023**	An additional 18% on diapers has received a lot of negative feed back. Are people going to revert back to nappies which are reusable? We shall see how this works out.

Tax Procedure Code Act, 2014

#	Proposed Change	Details	Our comments
1	Offences related to tax stamps	A person who makes an unauthorized interference to, or tampers with, a digital tax stamps machine commits an offence and is liable, on conviction: To pay the amount of tax lost as a result of the tampering. A fine not exceeding UGX.100 million; or Imprisonment not exceeding ten (10) years or both. It is also proposed to create an offense related to a person fixing or activating a tax stamp on a wrong good, brand or volume. Such offense makes one liable on conviction to: A fine not exceeding UGX 100 million; or Imprisonment not exceeding ten (10) years or both **Who will be affected** Persons who produce or sell excisable goods **Effective date: 1 July 2023**	This is in line with URA's focus on compliance through the reliance on systems that enable them track revenue which ultimately is intended to increase tax collection. As such there is a push to deter non-compliance by making it extremely punitive for offenders.
2	Requirement to have a TIN for Stamp Duty	A local authority, government institution or regulatory body shall not register an instrument that is required to pay stamp duty under the Stamps Duty Act, 2014, unless the person lodging the instrument for registration has a tax identification number. **Who will be affected** All taxpayers **Effective date: 1 July 2023**	This is in line with URA's focus on compliance through the reliance on systems that enable them track revenue which ultimately is intended to increase tax collection.

#	Proposed Change	Details	Our comments
3	Order of payment	When a taxpayer is liable for penal tax and interest in relation to a tax liability and the taxpayer makes a payment that is less than the total amount of tax, penal tax, and interest due, the amount paid is applied in the following order— in payment of the principal tax outstanding at the date of payment; in payment of penal tax; and the balance remaining is applied against the interest due For the avoidance of doubt, any payment by a taxpayer shall be applied to the principal tax first, until it is fully paid up. **Who will be affected** All taxpayers. **Effective date: 1 July 2023**	In the past couple of years, URA has focused on collection of tax on the basis of tax ledgers. Tax ledgers are URA's own record of a taxpayers return filing and payment history. These are mostly inaccurate and require reconciliation by taxpayers, many times going back more than the five years required for taxpayers to maintain records. Although this makes it clear that payments are to be made towards principal tax, the inclusion of outstanding tax at date of payment means that if URA has erroneously reflected a tax due from a taxpayer due to their system not having captured a previous payment, a payment made now can still be utilised against that unconfirmed principal tax.
4	Waiver of tax	Where a taxpayer's case is referred to the Minister and the Minister is satisfied that the tax due cannot be effectively recovered, the Minister shall, with the approval of Parliament, remit in whole or part, the tax payable by the taxpayer **Who will be affected** Defaulted taxpayers **Effective date: 1 July 2023**	Introduction of parliament to approve waiver of tax due. Previously was only the minister who could approve.
5	Changes to waiver of interest and penalties under the Voluntary Disclosure Programme. (VDP)	A taxpayer who voluntarily discloses and makes payment for tax outstanding as at 30 June 2023 will have penalties and interest waived as follows: Full payment of principal tax by 31 December 2023 – full waiver of interest and penalties Part payment of principal tax by 31 December 2023 – waiver of interest and penalties on a pro-rata basis **Who will be affected** All taxpayers with any non-compliance **Effective date: 1 July 2023**	While we have seen an increase in the commencement of tax audits by the URA, they have in many instances requested taxpayers to carry out tax health checks and the findings from the same used as the basis for what would ordinarily be an audit conducted by the URA. The Voluntary Disclosure Programme is also one such mechanism URA has relied upon to encourage compliance. This is an opportunity for all those who are not certain of their compliance for their different tax obligations or even those who think they are but have not been the subject of a comprehensive audit in over three (3) years.

#	Proposed Change	Details	Our comments
6	Restriction on provision of additional information at objection or ADR stage	The Bill proposes to introduce a restriction on the prohibition of taxpayers from submission of any additional information during the Objection or Alternative Dispute Resolution proceedings where that information had already been requested for at earlier reviews stages by the URA and the taxpayer failed to avail it. However, this shall not apply to the information requested for by the Commissioner where the information is more than three years from the date the document was authored or beyond the past three financial years **Who will be affected** Taxpayers in general **Effective date: 1 July 2023**	While on the face of it this would be a fair requirement i.e. that one should not provide in evidence to refute or substantiate a position information that they were not able to avail at the time of an audit, this can only work if it is being done in good faith. It is common practice during audits for URA to require information that spans a period of longer than three (3) or even five (5) at short notice. Information supporting tax is extensive and not always readily available. It is important that if URA's aim is to genuinely establish compliance history it allows taxpayers sufficient time to obtain information necessary for the process otherwise this will simply become another tool that URA uses to raise unfair assessments and then go ahead and confirm such decision on basis of information not having previously been provided.

Other Measures

1. Ratification of the Convention on Mutual Administrative Act Assistance in Tax Matters (Implementation) Act 2023 - This is to increase cooperation among tax authorities in the participating countries to tackle tax avoidance and cross-border tax evasion. This will assist URA to receive correct information to deter illicit financial transactions.
2. Strengthening the Taxpayer Register Expansion Programme framework
3. Undertaking VAT field audits, complex audits and strengthening debt recovery
4. Leveraging ICT to analyze data and integrating with other Government systems to properly identify taxable transactions and taxpayers
5. Improving taxpayer awareness to know their rights and obligations, enhance stakeholder engagements
6. Further strengthening of URA staff compliance
7. Utilizing the Alternative Dispute Resolution mechanism
8. Using ICT systems

Tax proposals not passed by Parliament

Income Tax	Value Added Tax (VAT)	Tax Procedure Code
Introduction of 5% withholding tax on disposal of all asset, excluding inventory in replacement of treatment under pooled assets for depreciation assets and tax on capital gains for capital assets Removal of conflicting definition of Petroleum Agreement under the ITA Alignment of definition of what constitutes mining/ petroleum expenditure Amendment to determination of cost base of Petroleum Development Expenditure acquired as an intangible asset Amendment to conditions for a farm-out Clarity on due date of returns to be filed by a licensee Amendment to definition of Property Income – Collective Investment schemes Introduction of a 5% digital tax on non-residents providing digital services	Returns in respect of imported services - persons making supplies above UGX 150m who import services into Uganda Tax refunds - consent of a taxpayer is required by the Commissioner General to utilise a VAT asset of UGX 5m or more to offset future tax liability or apply it in reduction of any other tax not in dispute from the taxpayer	

Alternative Dispute Resolution

Issuance of The Tax Procedures Code (Alternative Dispute Resolution Procedure) Regulations, 2023

Background

The Tax Procedures Code (Amendment) Act, 2021 introduced provisions that were meant to provide a taxpayer dissatisfied with a tax decision an avenue to apply to the Commissioner to resolve the dispute using Alternative Dispute Resolution (ADR). The Minister was given power to make regulations for the operationalization of ADR.

Important definitions

Under section 3 of the TPC Act, 2014, "tax decision" means—

a. a tax assessment; or
b. a decision on any matter left to the discretion, judgment, direction, opinion, approval, satisfaction or determination of the Commissioner other than—
   - a decision made in relation to a tax assessment;
   - a decision to refuse, issue or revoke a practice note or an omission to issue or revoke a practice note;
   - a decision or omission that affects a tax officer or employee or agent of the Authority;
   - the compounding of an offence under any tax law; or
   - a decision to refuse, issue or revoke a private ruling or an omission to issue or revoke a private ruling;

Aspects Covered	Description
What ADR covers	A tax decision made by the Commissioner
Exclusions	Matters of interpretation of the law Matters of public interest for TAT/Court to determine dispute Deliberate or consistent non-compliance of taxpayer in respect to matter in dispute Informer cases Fraud Time barred application
Timeline for taxpayer to request ADR	Within seven (7) days of being served with the tax decision
Form of application	In prescribed form
Timeline for Commissioner to respond to request for ADR	Acceptance is within seven (7) working days of requesting for ADR by taxpayer. Rejection is within fifteen (15) working days of requesting for ADR by taxpayer (Power to accept ADR is discretionary on the Commissioner based on their examination of the merits and eligibility of the dispute to ADR)
Does ADR delay application to TAT/ High Court	No. Timelines for application for review to TAT still remain unchanged
Process	Conciliation – involves an independent third party appointed/ agreed to by the parties facilitating the discussion. The conciliator offers no opinion on the merits of either party's case Negotiation - non-facilitated engagement between URA and taxpayer including exchange of information Taxpayer indicates preferred method at time of application
Conduct of process	Taxpayer can represent themselves or be represented by a tax agent or advocate Each party presents its case including calling of witnesses Settlement of dispute is based on evidence submitted by each party Subject matter experts can be called upon in the event of a matter arising which requires specific expertise Full disclosure of material facts and documentation relevant to the dispute Either party can withdraw from process at any time upon written notice Settlement Agreement signed by the Commissioner and taxpayer represents issues settled through ADR. Adjustment to tax liability where applicable has to be done within fourteen (14) days from signature of settlement agreement.

Noteworthy caselaw

Kuehne & Nagel Uganda Limited Vs URA TAT application no. 81 of 2022

Background

The Applicant is a company in Uganda providing logistics, clearing and forwarding services. The Respondent conducted a refund audit on the Applicant for the periods 2015 to 2019 and issued a WHT assessment of Ugx 1,283,289,792 on the ground that it did not withhold taxes on payments to non-resident transporters for the provision of road transport from Mombasa to Uganda.

Issue

Whether the Income Tax Amendment of 2022 that clarified that '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 Uganda source service contract' and therefore not subject to 15% WHT on Ugandan source services contracts could be applied retrospectively to payments made before the amendment.

Court Ruling

Income derived by international carriers of passengers and cargo which is embarked outside Uganda is not liable to WHT at 15%. The tribunal held that this income is not derived from a Uganda source services contract. As such the Income Tax Amendment simply clarified a position that already existed.

Our view

This case confirms the general position that payments to non-resident transporters do not represent income sourced in Uganda under a Ugandan sourced services contract and are therefore exempt from the 15% withholding tax. A more recent ruling by the Court of Appeal in the case of Roche Transport and Logistics Uganda Limited reinforces this position.

Wipro Technologies SouthAfrica PTY Limited Vs URA TAT Applications no. 5 of 2021

Background

The Applicant is a Ugandan branch of Wipro South Africa Pty Limited and is in

the business of information technology and consulting. The applicant applied for a VAT refund from the URA following which the URA conducted a VAT Refund audit and raised VAT assessments of UGX. 1,557,626,815. Wipro had entered into an agreement with two companies (MTN Dubai Limited and MTN Sea Shared Limited) but issued invoices to a MTN Uganda Ltd in error. This error was subsequently corrected by issuing credit notes. However, the Respondent argued that the Applicant had not provided sufficient documentation, specifically tax invoice receipts and proof of payment, to support their claim for input tax credits.

Issue

Whether Wipro was entitled to a refund and input credits for a VAT assessment raised against a genuine mistake in invoicing which was corrected.

Court Ruling

While on the one hand the Tax Appeals Tribunal agreed with Wipro's argument that no assessment should have been raised as the error in invoicing was corrected and therefore it was in principle entitled to a VAT refund, the TAT did find however that in the absence of the receipts or proof of payment on tax invoices, Wipro had not provided evidence that it had paid the tax which resulted in the credit. As such it was not entitled to input credit claimed.

Our view

This is a reinforcement of the importance for taxpayers to maintain records and be vigilant in providing the same when requested by the URA. This case also reflects the proposed amendment to limit the ability of a taxpayer to provide additional information to the URA

Prime Solutions Ltd v. Uganda Revenue Authority TAT Application No. 116 of 2019

Background

The Applicant charged fees for reimbursable and miscellaneous expenses (fuel, per diem) incurred in the provision of the consultancy services but did not charge VAT on the expenses. URA assessed them for VAT on the same

Issue

Whether expenses incurred for the purpose of facilitating the effective performance of services represent a taxable supply

Court Ruling

The TAT ruled that incidental costs that the business must incur to deliver a good or service should not be excluded from the value on which VAT is calculated.

A reimbursement is a supply and is subject to VAT. Accordingly a reimbursable expense was provided by third parties to the Applicant who incurred VAT on the same at the time of expenditure. As such, expenses fall within the definition of consideration under the VAT Act.

Our view

The terms disbursements and reimbursements have typically been interchangeably which in turn has resulted in confusion as to the correct treatment for VAT purposes. While a disbursement is a payment made on behalf of and in the name of another person, usually a client (e.g., stamp duty, work permit fees, Trade Licence fees)

Sectoral Highlights

Sectoral allocations

Regional Balanced Development.

- Regional Development Program aims at ensuring equitable regional growth and development by reducing poverty in the sub-regions falling behind the national poverty line. These include Karamoja, Bukedi, Bugisu, Busoga, West Nile, Acholi, Tesi and Bunyoro.
- Budget allocation for FY 23/24 is UShs 634Bn, down 45% from FY 22/23 budget allocation of UShs 1,158Bn with the objective of closing infrastructure gaps for exploitation of local economic potential, capacity building of local leadership and increased market access and value addition.

Allocation of the RBD budget

Allocation area	Proposed Budget 2023/2024 Billions UShs	Approved Budget 2022/2023	% age Movement
Recurrent			
Wage	423.158	423.158	0%
Non wage	145.100	547.342	-26.5%
Development			
GoU	13.900	115.295	-12.1%
Ext Fin	52.524	71.685	-73.3%
GoU Total	582.158	1,085.796	
Total GoU + Ext Fin (MTEF)	634.682	1,157.481	

Challenges in implementing RBD projects in the previous year included;

- Drought
- Inadequate financing of the MoLG budget
- Staffing gaps/recruitment challenges by LGs
- Coordination challenges by the secretariate

The Rural Development Program (RDP) for FY 23/24 will prioritize

- extension of power transmission lines to key growth areas of the sub-regions,
- develop and implement evidence based regional development plans
- construction of roads to key growth opportunity areas particularly tourism sites
- design and construct infrastructure facilities (roads, hydro power, solid waste management/water waste system, ICT/CCTV, service ducts etc)
- distribute quality inputs, livestock, storage facilities, and processing equipment to farmers
- procurement and distribution of tractors, ox-ploughs, identification and training of beneficiary cooperatives, monitoring of beneficiary cooperatives.

The achievement of higher GDP growth, reduced poverty rates and increased economic growth is heavily reliant on the balanced development in Uganda.

Education

- Human capital Development Program Budget Framework is an amalgamation of various interventions such as:

Vote Number	Description
013	Education and Sports
014	Health and its other votes
018	Gender Labour and Social Development and its other votes
019	Water and Environment and its other votes

Focus on Education

Budget allocation for the education subprogram has increased by 15% to UShs 4,503Bn in FY 23/24.

Objectives of the education subprogram under the Human capital Development Program Budget Framework are;

- Establishment of the National Teacher's council;
- Construction, expansion and equipment of Technical Institutes;
- Roll out of the developed EMIS;
- Dissemination of the National Physical Education and Sports Policy;
- Operationalization of the High- Altitude Training Center, Teryet; and
- Finalization of the National School Feeding Policy.

The Education subprogram is in line with the objectives of the NDP III program interventions.

Sub-program	Proposed Budget FY 2023/2024 Billions UShs	Approved Budget FY 2022/2023 Billions UShs
01.Education, Sports and Skills	4,503	3,913
02.Population Health, Safety and Management	4,179	4,739
03.Gender and Social Protection	42	198
04.Labour and Employment Services	280	238
Total	9,004	9,088

Financial Services Sector

- Uganda's financial services sector plays a crucial role in the country's economic development and provides a wide range of services to individuals, businesses, and the government. The sector comprises various institutions and activities that facilitate the flow of funds, manage risks, and promote economic growth; these include; commercial banks, microfinance institutions (MFIs), insurance companies, capital markets, non-bank financial institutions and mobile money services.
- Uganda's economy for the financial year 2023/24 has been on a steady recovery path from the COVID-19 pandemic that saw a slowdown in the economy for the financial years 2019/20 and 2020/21; The economy this year is projected to have grown by 5.5% in 2023/24 compared to 4.6% in 2021/22. This year's performance compares favorably with the average growth rate for Sub-Saharan Africa estimated to be 3.6% for calendar year 2023. The size of the economy is estimated at UShs 184 trillion (US$ 49 billion), compared to UShs 163 trillion (US$ 46 billion) last year.
- Inflation has significantly decreased from 10.7% in October 2022 to 6.2% in May 2023. This has been achieved through well-coordinated monetary and fiscal policy measures that have implemented with the guidance of the Central Bank of Uganda
- The commercial bank lending interest rates have increased slightly to 19.3% in April 2023 from 18.8% in April 2022. This has been mainly due to the increase in the Central Bank Rate to 10% since October 2022, to curb inflation. The Government of Uganda has also taken the approach of reducing domestic borrowing which is a major driver of commercial bank lending rates through long-term and affordable capital through the Uganda Development Bank and Agricultural Credit Facilities and the Small Business Recovery Fund to large, medium, small, and micro-enterprises. Since the inception of this policy, a total of UShs 2.8 trillion has been utilized through these initiatives.

The economy this year is projected to have grown by 5.5% in 2023/24 compared to 4.6% in 2021/22.

- Despite the reductions in the lending rates, total private sector credit increased from UShs. 19.5 trillion in May 2022 to UShs. 20.5 trillion in April 2023, representing an annual growth of 4.8%. The growth in lending to industry and agriculture was 6.2% and 3.3%, respectively. Trade and personal lending recorded annual growth of 14.1% and 19.1%, respectively, in the same period. This underscores the balance score card for the ongoing Government interventions to ensure that agriculture and industry access adequate and affordable financing on a sustainable basis.
- This presents a favorable position for the commercial banks to not only maintain their interest rates for the foreseeable future and/or to increase them if there is an actual and/or anticipated increase in the Central Bank Rate. The resultant effect is that this could put pressure on the purchasing power of basic commodities like laundry bar soap, sugar, diesel and petrol as well as education services and building materials that have in the past experienced price increases due to inflation.

Information communications technology

- The digital transformation program has been allocated UGX 176.7 bn for the year 2023/24. This is an increase of 42.3% from the 2022/23 budget of UGX 124.2bn. ICT contribution to GDP is expected to rise from 3% in 2021/22 to 3.5% in 2023/24 and further by 3.6% in 2024/25. This growth is attributed to considerable investments made by both Government and Private players in the expansion of infrastructure coverage and the development of e-services among others which will consequently result in an upward trend in the access to ICTs and its usage thereof.
- National broadband coverage with a minimum speed of 8Mbps is expected to grow from 41% in 2021/22 to 50% in 2023/24. The proportion of government services online is also expected to increase from 25 in 2021/22 to 35 in 2023/24.This can be attributed to an increase in the ICT human resource arising from increased budget allocation as evident in 2023/24 budget allocation to foster the ICT programme implementation.
- Some of the key demand drivers for ICT in Uganda include a liberalized and well-regulated ICT Market, Increased demand for online banking services, Increased literacy, a young growing population, positive government policies, E-readiness of the Ugandan society that allows for the development of various technology services directed to local, regional and global markets, Communications, latent local market Potential (70% of the Ugandan population is below 20 years of age), low cost of operational licenses, High production rate of a skilled labour force, E-government infrastructure (EGI) etc. The deployment of the e-government platform increases the transparency and efficiency of government activities, enables departments to share public data, enhance inter-departmental coordination, reduces government administration costs, and generally improves work efficiency.

Impact of Covid-19 Pandemic

- Global spending on digital transformation reached 1.59 trillion U.S. dollars in 2021, up over 20 percent on the previous year 2022/2023. The Covid 19 pandemic is considered to have boosted digital transformation efforts, with the rise of remote work prompting businesses worldwide to embrace cloud technologies.
- The Country's National Development program has considered implementation of the following objectives as measures to enhance development of ICT in Uganda.
  - » Increase the national ICT infrastructure coverage
  - » Enhance the usage of ICT in national development
  - » Enhance ICT research, innovation, and development
  - » Improve the legal and regulatory framework.
- The above objectives shall be supported by the 2023/2024 ICT budget funding which has notably increased to UGX 176.762 bn from the 2022/23 budget of UGX 124.226 bn representing an increase of 42.29% while leveraging on the ICT demand drivers already established within the country and support from the already existing telecommunication networks to foster the implementation process.

Expected changes during the 2023/2024

- Reduction in internet services. A unit cost of 1Mbps/month of internet is expected to drop by from 205 in FY2021/22 to 200 in FY2023/24. This is attributed to the planned increase in broadband coverage.

ICT contribution to GDP is expected to rise from 3% in 2021/22 to 3.5% in 2023/24 and further by 3.6% in 2024/25.

- The number of legal and regulatory frameworks in place is expected to increase to 3 in FY2023/24 compared to 2 in the previous financial year while the proportion of licenses adhering to requirements is expected to increase from 58% in FY2021/22 to 60% in FY2023/24 to strengthen the policy, legal and regulatory framework.
- The number of transactions conducted through the shared public service delivery system is expected to rise from 0 in 2018 to 50 million in FY2023/24 in line with improved service delivery which includes connectivity due to expansion of the infrastructure network.

Conclusion

- There is potential in the growth of the ICT sector. Utilization of its services across the country is still limited due to limited network coverage, poor quality services, high cost of end-user devices and services, inadequate ICT knowledge and skills, and limited innovation capacity. The goal for government to increase ICT penetration and use of ICT services for social and economic development while leveraging on the existent key drivers, funding, and the implementation of the National Development Programme III (NDPIII) will steer the ICT sector growth forward as anticipated with strict focus on the adequate utilization of allocated resources.

Sources: Statista.com, NDP III, NDP II, NDP I, Budget Framework FY2023/24

Science &Innovation

- The Innovation, technology development and transfer program has been allocated UGX 177.568 bn in the FY2023/2024. This will largely be geared towards increasing the adoption, transfer, and commercialization of Technologies & Innovations through the development of a well-coordinated Science, Technology, and Innovation (STI) eco-system.
- The top 5 allocation of the sector budget has been spread as follows in line with the sector budget:
  - » Science, Technology, and Innovation allocated 168.398bn representing 94.8%
  - » Uganda Industrial Research Institute (UIRI) allocated 7.36bn representing 4.1%
  - » Uganda Registration Services Bureau (URSB) allocated 1.11bn representing 0.6%
  - » Ministry of Foreign affairs allocated 0.581bn representing 0.3%
  - » Uganda Embassy in Russia, Moscow allocated 0.119bn representing 0.1%
- The FY 2023/24 budget allocation for Science and Innovation has indicated a decrease of 35.3% from FY2022/23 budget that stood at 274.420 bn.
- The FY 2023/24 budget preparation and allocation of funds has been geared to achieve the targeted results in alignment with the following objectives for Science, Technology, and Innovation (STI):
  - » Develop requisite STI infrastructure.
  - » Build human resource capacity in STI.
  - » Strengthen R&D capacities and applications.
  - » Increase development, transfer and adoption of appropriate technologies and innovations.
  - » Improve the legal and regulatory framework.
- To achieve the NDP III programme objectives, Government has mapped the NDP III programme interventions to FY 2023/24 priority actions to be undertaken which include:
  - » Operationalization of the skilling centres in Namanve and Rwebitete to conduct practical skills development programmes.
  - » Development of strategic local and international partnerships to facilitate effective technology transfer.
  - » Creation of an STI national information database and information management system while leveraging on sensitization runs and training for all stakeholders to popularize the system.
  - » Creation of capacity on application of drones, satellite imagery, real-time disaster modelling, and widespread connectedness, through the operationalization of the space programme and training personnel in the industry 4.0 space to contribute to national development.
  - » Expansion of the national science week to boost the interaction between the academia, research institutions, industry and state and non-state actors.
  - » Strengthening the Intellectual Property value chain management through establishing a working relationship with Uganda Service Registrations bureau, conducting trainings on IPs and support the innovators to undertake the process of IP registration.
  - » To support the operations of Science and Technology parks, additional land shall be purchased and development plans for the parks drafted.
  - » The operations of Technology & Business incubators and Technology transfer centres will be supported through forging collaborations with potential partners, both local and international.
  - » To boost the Nano technology, space exploration and nuclear, ICT and technology space, the government plans to operationalize the space programme by making the Mpoma satellite earth station operational, developing the aerospace and Industry 4.0 strategy and policy and training personnel in the emerging areas of STI.

Conclusion

- Science, Technological Innovations, and emerging technology development will bring about considerable improvement in macroeconomic conditions while creating an extensive reservoir of human resources with scientific and technological skills significantly impacts the growth of Ugandan economy. This shall however be limited to a smaller extent considering the decline in the 2023/2024 budget allocation.
- The Government of Uganda should therefore continue sufficiently allocate funds for the STI sector to accelerate its capacity in ensuring the development of a well-coordinated STI eco-system to make science and technology accessible to the public through all levels of learning (elementary and advanced), Media, National and International knowledge sharing and collaboration.

Sources: NDP III, NDP II, NDP I, Budget Framework FY2023/24

UGX 1,533bn

Agro-industrilization

- The Agro- industrialisation programme has been allocated UGX 694bn in FY2023/2024, accounting for 1.9% of the total budget.
- The government intends to invest in small-scale solar-powered irrigation to mitigate climate change effects and ensure food security under the Agro-Industrialisation Programme.
- The programme will be supported by the Parish Development Model, which is an initiative developed by the ministry of local government whose aim is to:
  - » Deepen the decentralisation process;
  - » Improve household incomes;
  - » Enable inclusive, sustainable, balanced and equitable socio-economic transformation; and
  - » Increase accountability at local levels.

Key drivers of Agro Industrialization

- Given the dominance of agriculture as a source of livelihood, Agro-Industrialization (AGI) offers a great opportunity for Uganda to embark on its long-term aspiration of transitioning into a modern industrial economy through the following factors.
- AGI presents an avenue for promoting inclusive and equitable growth.
- Uganda has a positive trade balance in agro-industrial products.
- AGI provides an opportunity to add value to agricultural raw materials to promote export expansion of high value products.
- AGI provides an opportunity for import replacement.
- AGI provides an opportunity to address the high post-harvest losses, stabilize prices and increase household incomes.
- Additionally, the backward and forward linkages between agriculture and Agro-industries will necessitate that Uganda sustainably transform Agro-value chains to ensure sufficient supply for domestic industries to undertake transformative sustainable manufacturing while creating employment for its citizens.

Interventions by the National Development Plan (NDPIII)

- To achieve the strategic objectives for the FY2023/24, NDPIII will prioritize the following interventions for each AGI Objective.
- Increase production and productivity of Agro enterprises
- Improve post-harvest handling, storage of agricultural products
- Increase Agro processing of the selected products
- Increase the mobilization, provision, and utilization of Agricultural Finance
- Strengthen institutional coordination for improved service delivery

Conclusion

- National Development Plan (NDPIII) have put into considerations the above five (5) strategies to mitigate and control the challenges facing the Agro Industrialization. This approach is projected to increase the level of sustainability for the sector hence leading to growth of each programme during the Financial Year 2023/2024.

Sources: NDP III, NDP II, NDP I, Budget Framework FY2023/24

UGX 1,533bn

Sustainable Oil Development

- Sustainable oil development has been allocated 485.89bn for the FY 2023/24.
- Construction work on the Lake Albert Oil project is expected to gain momentum later in 2023, thus creating multiple employment opportunities. Additionally, the construction of the East African Crude Oil Pipeline (EACOP) is expected to further drive investment and industrial expansion.
- The following are the areas of focus on harnessing the Petroleum resources:
  - » Fast tracking readiness activities for the construction of the East African Crude Oil Pipeline (EACOP) and the National oil refinery;
  - » Continued preparatory work for the petrochemical industry (Kabaale Petro-based Industrial Park);and
  - » Capitalisation of Uganda National Oil Company (UNOC).

Integrated Transport Infrastructure and Services

- UGX 4,712bn has been allocated to Integrated Infrastructure and services.
- Transport and Power infrastructure will be extended to key growth areas, including tourism sites, to facilitate production and value addition.
- Areas of focus include;
  - » Railway development and rehabilitation: Construction of the Standard Gauge Railway (SGR) and rehabilitation of the Meter Gauge Railway;
  - » Road maintenance and transport infrastructure: Maintenance and upgrade of existing road networks and operationalising of the Hoima International Airport; and
  - » Water transport: Completion of Bukungu-Kagwara-Kaberamaido (BKK) Ferries and their landing sites and procurement of rescue boats.

UGX 4,712bn

UGX 1,574bn

Sustainable Energy Development

- The sustainable energy development programme has been allocated UGX1,574bn in FY 2023/24. The main priorities under the sustainable energy development programme are:
  - » Prioritisation of rural electrification to the un-serviced sub-counties;
  - » Electricity connections for upcoming industrial zones and factories in different parts of the country;
  - » Construction of additional power sub-stations to boost and regulate generation, transmission and distribution of power; and
  - » Fast-tracking the establishment of e-mobility (electric vehicle) charging infrastructure in readiness for energy transition from fossil energy to renewable energy.

Contacts

Publication team

Nobert Kagoro
Managing Partner
nkagoro@deloitte.co.ug

Mabel Ndawula
Director, Consulting
mndawula@deloitte.co.ug

Patronella Namubiru
Associate Director, Tax & Legal
pnamubiru@deloitte.co.ug

Gladys Makumi
Financial Advisory leader
gmakumi@deloitte.co.ke

Martin Makumbi
Senior Manager,Tax & Legal
mmakumbi@deloitte.co.ug

Eunice Muwangala
Manager, Risk Advisory Services
mmuwangala@deloitte.co.ug

Ivan Karuhanga
Manager, Consulting
ikaruhanga@deloitte.co.ug

Charles Mukupe
Manager, Audit
cmukupe@deloitte.co.ug

Maurice Agaba
Manager, Tax & Legal
magaba@deloitte.co.ug

Alvin Serukenya
Administration
aserukenya@deloitte.co.ug

Rashidah Nakayiza
Senior Consultant, Growth Office
rnakayiza@deloitte.co.ug

Creative & Design

Daniel Gitonga
Growth Office

Deloitte East Africa

CEO

Anne Muraya
amuraya@deloitte.co.ke

Office leaders

David Nchimbi
Tanzania
Managing partner
dnchimbi@deloitte.co.tz

Nobert Kagoro
Uganda
Managing partner
nkagoro@deloitte.co.ug

Service line leaders

Fred Okwiri
Audit leader
fokwiri@deloitte.co.ke

Pam Maharaj
Consulting leader
pammaharaj@deloitte.co.za

Gladys Makumi
Financial Advisory leader
gmakumi@deloitte.co.ke

Fred Omondi
Tax & Legal leader
fomondi@deloitte.co.ke

Urvi Patel
Risk Advisory leader
ubpatel@deloitte.co.ke

Charles Luo
Clients & Industries leader
cluo@deloitte.co.ke

Offices

Uganda
Deloitte Place
Waiyaki Way, Muthangari
Nairobi
Tel: +254 719 039 000

Tanzania
Aris House
3rd Floor, Plot 152, Haile Selassie Road,
Oysterbay, Dar es Salaam
Tel: +255 22 2169000

Uganda
3rd Floor Rwenzori House
1 Lumumba Avenue
Kampala
Tel: +256 41 7 701000