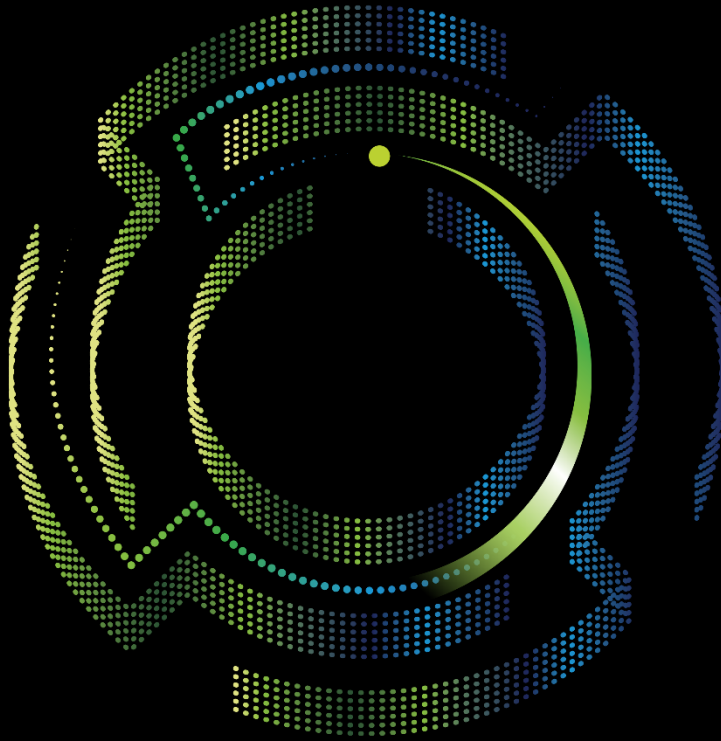


Tax & Legal Alert
January 2024



Keeping you in the loop

Enforcing compliance with tax obligations

Uganda Revenue Authority (“URA”) has issued a Public Notice notifying the public that it will start to enforce compliance with EFRIS, DTS and rental tax obligations effective Monday 22nd January 2024.

This communication highlights the obligations and related potential implications to taxpayers.

Preamble

The Uganda Revenue Authority (“URA”) has issued a Public Notice notifying the public of their intention to start enforcing compliance with EFRIS, DTS and rental tax. The following actions must be taken by eligible taxpayers:-

- a) Effective 22nd January 2024, they must register for VAT, EFRIS, DTS and rental tax as soon as possible.
- b) Issue e-invoices for all sales transactions through the EFRIS e-invoicing platforms if they are registered for VAT;
- c) Affix and activate correct digital tax stamps to the gazetted products if they are manufacturers, and ensure that only products with digital tax stamps are sold at their premises if they are distributors, wholesalers, or retailers;
- d) Ensure that for DTS purposes they have not activated the wrong stamps, or tampered with the digital tax stamps, as this will lead to prosecution;
- e) Avoid tampering with EFRIS devices, as this will lead to penalties;
- f) Declare and pay the correct rental tax if they are landlords.

Who is affected

- All landlords, VAT registered taxpayers, manufacturers, distributors, wholesalers and retailers.

Our view

- This notice by the URA is aimed at ensuring continued compliance, transparency and accountability by taxpayers with the EFRIS system. This in turn ensures that accurate declarations are being made by taxpayers. In addition, the notice encourages taxpayers to comply with the legal requirements regarding VAT and Digital Tax stamps thus promoting compliance with the “kakasa” business solution aimed at not only enhancing tax compliance but also ease of compliance.
- Lastly, the notice encourages taxpayers to register and ensure compliance with their obligations in regard to rental tax.

Implications of non-compliance

- The URA can impose penal tax equivalent to double the tax due or fifty million shillings for various offenses related to DTS, such as failure to affix digital tax stamps, selling products without stamps, or activating wrong stamps.
- Penal tax of four hundred currency points or tax owed goods or services will be imposed on taxpayers that do not use an electronic fiscal device but are required to comply .
- Penal tax of three hundred currency points or tax owed whichever is higher will be imposed on taxpayers that do not issue e-invoices or e-receipts.



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