



## Keeping you in the loop

### Application for withholding tax and withholding VAT exemption – 2021/2022

Uganda Revenue Authority (“URA”) has issued a Public Notice prescribing changes in the process of application for exemption from withholding tax (“WHT”) and withholding VAT (“WVAT”) effective 9 March 2021.

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

## Preamble

Uganda Revenue Authority (URA) has issued a Public Notice prescribing changes in the process of application for exemption from withholding tax (“WHT”) and withholding VAT (“WVAT”) effective 9 March 2021. These changes are highlighted below;

- a) Applications shall be received within a period of 30 working days starting 9th March 2021 and ending on 21 April 2021;
- b) Applications shall be submitted online;
- c) Applicants’ eligibility for exemption shall be evaluated based on the level of compliance with their tax obligations in consideration of the criterion as indicated in the URA compliance checklist in the appendix below;
- d) If granted, the WHT and WVAT exemption shall be valid for 12 months starting 1 July 2021 and ending 30 June 2022;
- e) 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;
- f) URA hereby urges applicants to conduct self-reviews of their tax compliance statuses to ensure they are in line with requirements of the relevant tax laws and regulations prior to submission of their applications.

## Who is affected

- Persons providing supplies that qualify for WHT and / or WVAT.

## Our view

The automation of the application process for both WHT and WVAT will ensure that the URA eliminates the administrative challenges previously faced with the manual application process e.g. the volume of paper work involved since applicants had to submit physical copies of application letters.

We further anticipate a quicker turnaround time from the URA when it comes to issuance of a decision on a taxpayer’s application.

This also demonstrates the URA’s emphasis on further administering compliance among taxpayers with emphasis on the immediate revocation of taxpayer’s exemption status once the taxpayer or a director (in the case of companies) is deemed to have failed to keep up to date with their compliance obligations.

However, if granted, this exemption will guarantee cash flow benefits for the successful applicants in that no tax is deducted from payments made to them by their customers on both the income tax and the VAT fronts.



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